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A summary of Chandler's revenue sources with fiscal year comparisons

Detailed descriptions of major historical trends and analysis

RESOURCES

CONSERVING WATER

FOR OUR FUTURE



Water deeply but infrequently to create healthier, stronger plants. Use a layer of organic mulch around plants to reduce evaporation and save hundreds of gallons of water a year.



CITY OF CHANDLER

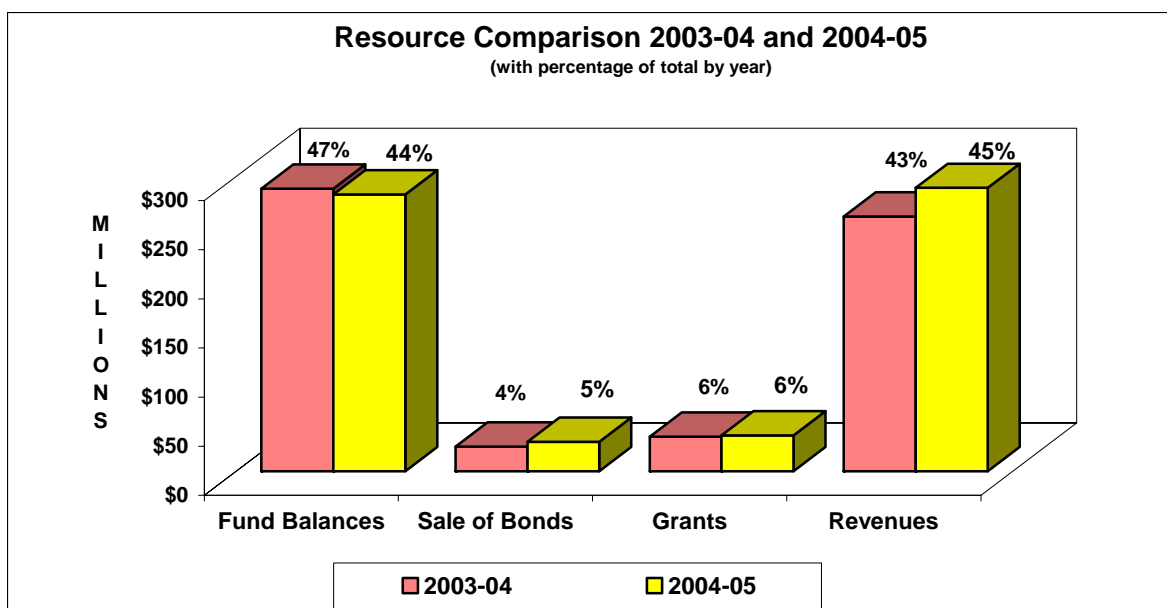
RESOURCES SECTION

The Resources Section of this document has been prepared to present in summary form all sources of revenue, and to offer a more detailed description of major revenue sources. The resources section offers historical reference points, highlights of revenue fluctuations, and serves as the basis for current year estimates.

The next four pages of this section provide summarized data of the comparison of the 2003-04 Adopted Budget and 2004-05 Adopted Budget. Subsequent pages in this section give a more detailed description of operating revenues and system development fees offering a summary of the revenue type, an analysis of past revenue collections and the assumptions used for the 2004-05 revenue projections. Bar charts are also presented on the majority of revenue sources.

RESOURCES CATEGORICAL COMPARISONS

	2003-04 Adopted Budget	2004-05 Adopted Budget	Percentage Change
Fund Balances	\$ 287,700,429	\$ 281,698,597	(2.1%)
Sale of Bonds	25,089,124	29,925,000	19.3%
Grants	35,247,712	36,437,030	3.4%
Revenues	259,333,360	288,400,200	11.2%
Total	\$ 607,370,625	\$ 636,460,827	4.8%
Encumbrance or Carryforward from Prior Years	(143,742,197)	(193,853,617)	
Net Adjusted Budget	\$ 463,628,428	\$ 442,607,210	(4.5%)

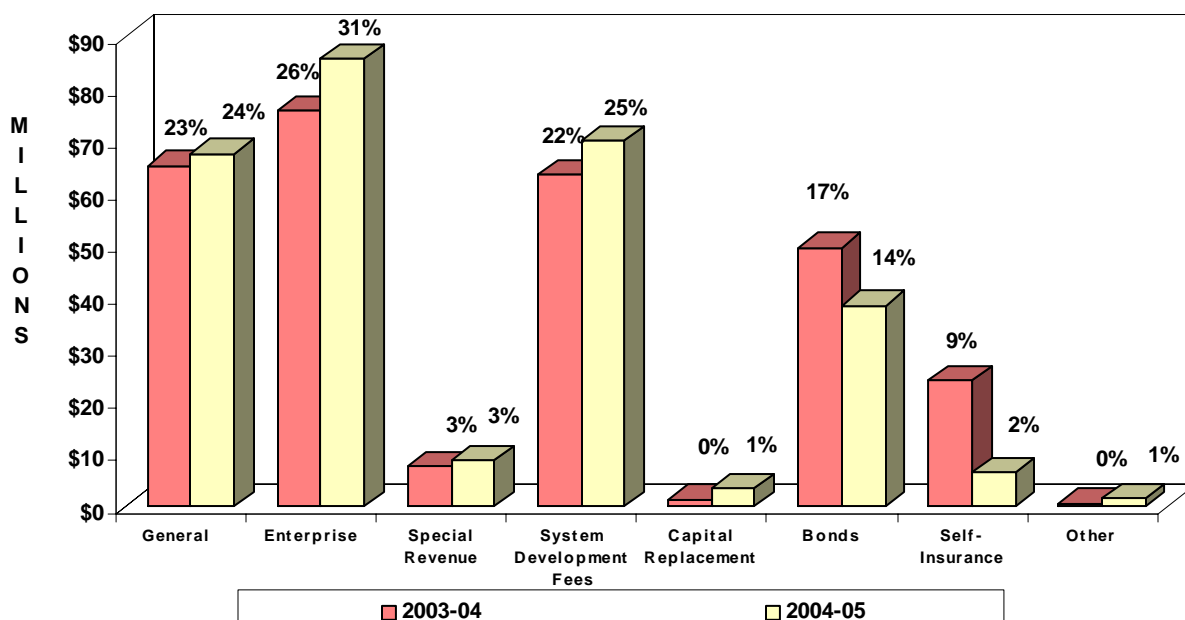


FUND BALANCES

Fund Balances represent the difference between revised revenue estimates (by fund) and revised expenditures (by fund). Fund Balances are revenue sources that are carried forward from the prior fiscal year and can be used for expenditures within that fund. Major categorical fund balances by fiscal year are as follows:

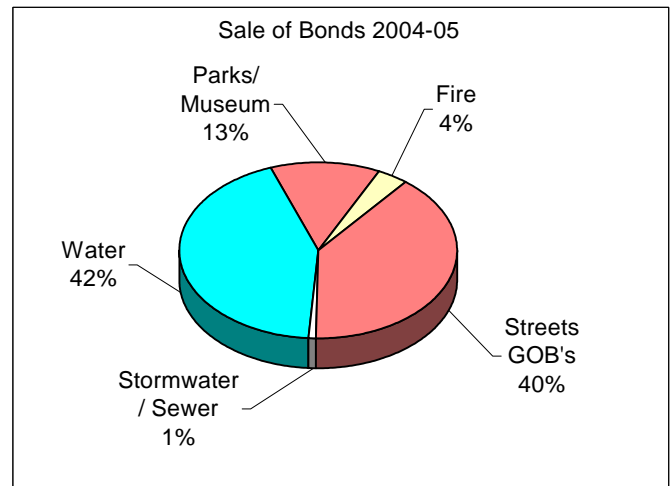
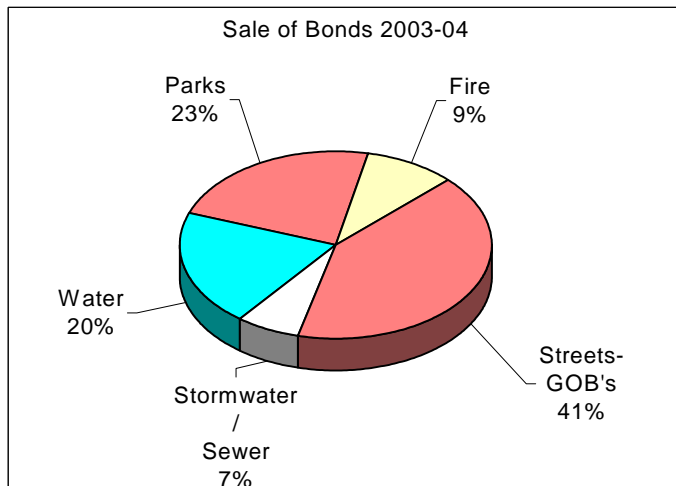
	2003-04 Adopted Budget	2004-05 Adopted Budget	Percentage Change
General	65,371,007	67,669,281	3.5%
Enterprise	75,822,357	85,904,102	13.3%
Special Revenue	7,502,965	8,620,688	14.9%
System Development Fees	63,600,128	70,084,965	10.2%
Capital Replacement	1,285,489	3,350,959	160.7%
Bonds	49,572,072	38,418,811	(22.5%)
Self-Insurance	24,026,600	6,291,550	(73.8%)
Other	519,811	1,358,241	161.3%
Total	\$ 287,700,429	\$ 281,698,597	(2.1%)

Fund Balance Comparison 2003-04 and 2004-05
(with percentage of total by year)



SALE OF BONDS/CERTIFICATES

	2003-04 Adopted Budget	2004-05 Adopted Budget	Percentage Change
Parks/Museum	\$ 5,682,778	\$ 3,790,000	(33.3%)
Public Safety - Police	50,000	40,000	(20.0%)
Public Safety - Fire	2,328,105	1,050,000	(54.9%)
Streets GOB's	10,323,650	11,825,000	14.5%
Stormwater/Sewer	1,702,500	215,000	(87.4%)
Water	4,996,950	13,000,000	160.2%
Airport	5,141	5,000	(2.7%)
Total	\$ 25,089,124	\$ 29,925,000	19.3%

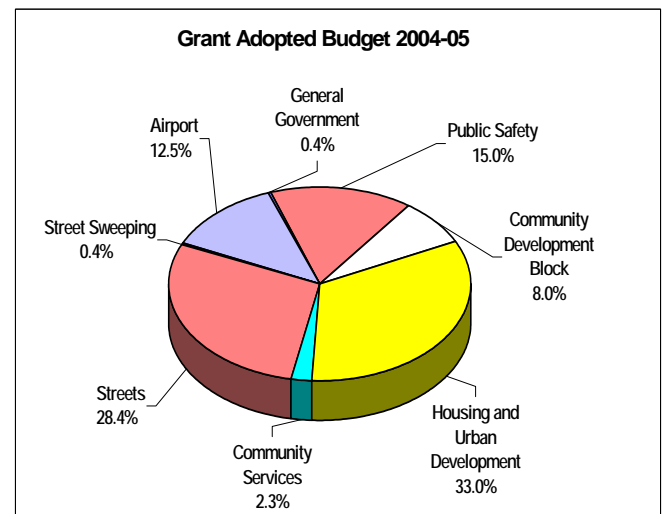
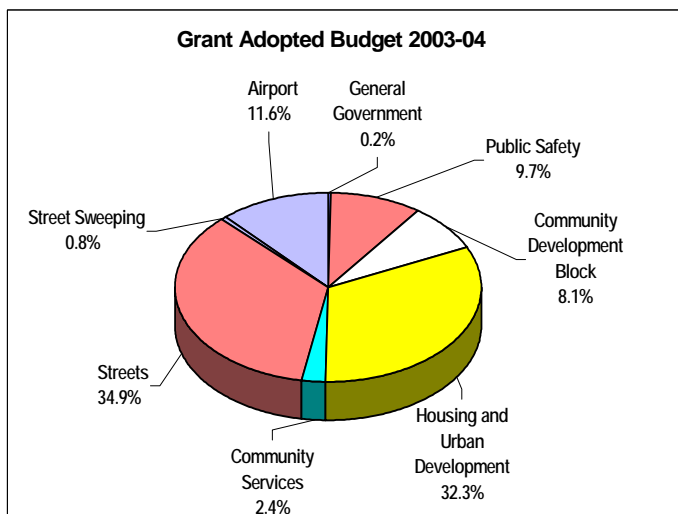


GRANTS

This funding source includes Federal and State grants for specific projects. Grant funds will not be expended unless prior authorization of grant award is received from the grant agency.

	2003-04 Adopted Budget	2004-05 Adopted Budget	Percentage Change
General Government ⁽¹⁾	\$ 99,363	\$ 135,000	35.9%
Public Safety-Fire	2,200,000	4,561,707	107.4%
Public Safety-Police	1,187,262	930,300	(21.6%)
Community Development Block	2,857,000	2,900,000	1.5%
Housing and Urban Development	11,393,614	12,018,000	5.5%
Community Services	855,709	852,088	(0.4%)
Public Works:			
Streets	12,302,857	10,352,445	(15.9%)
Street Sweeping	280,000	150,000	(46.4%)
Airport	4,071,907	4,537,490	11.4%
Total	\$ 35,247,712	\$ 36,437,030	3.4%

⁽¹⁾ General Government includes Law and Economic Development



SUMMARY OF REVENUES

	2001-02 Actual Revenue	2002-03 Actual Revenue	2003-04 Adopted Budget	2003-04 Revised Estimate	2004-05 Adopted Budget
Local Taxes and License	\$ 56,152,389	\$ 61,250,541	\$ 63,346,981	\$ 65,744,822	\$ 67,870,907
Franchise Tax	1,957,618	2,249,190	2,237,718	2,311,522	2,354,400
Transaction Privilege Lic. Tax/F	53,630,072	58,413,111	60,584,763	62,686,000	64,732,907
Other Licenses	564,699	588,240	524,500	747,300	783,600
State Shared Taxes	49,834,888	51,874,732	49,238,443	50,566,700	52,192,217
State Shared Sales Tax	13,636,515	13,765,118	13,769,988	14,450,000	15,247,850
Auto Lieu Tax	5,860,024	6,866,866	6,270,000	7,263,000	7,480,890
Highway Users Tax	10,918,384	11,428,742	12,229,779	11,900,000	12,138,076
State Revenue Sharing	18,417,625	18,793,721	15,937,362	15,922,200	16,253,014
Lottery Entitlement	1,002,340	1,020,285	1,031,314	1,031,500	1,072,387
Charges for Services	11,610,560	13,311,898	12,432,762	13,774,673	14,054,092
Engineering Fees	1,728,908	1,606,281	1,581,950	916,280	1,062,500
Building Division Fees	6,407,290	7,037,663	6,045,350	8,122,900	7,858,400
Planning Fees	122,330	91,738	61,200	148,900	104,500
Public Safety Miscellaneous	1,969,492	2,994,917	3,091,134	2,747,360	3,164,081
Library Revenues	238,591	249,584	400,378	363,012	377,461
Parks and Recreation Fees	1,143,949	1,331,715	1,252,750	1,476,221	1,487,150
Miscellaneous Receipts	19,403,389	17,253,221	14,421,555	15,110,971	14,745,425
Sale of Fixed Assets	156,804	95,136	82,000	104,500	101,500
Other Receipts	4,521,516	6,320,503	4,781,687	7,615,064	4,354,262
Interest on Investments	11,682,882	7,246,883	5,800,000	3,736,025	6,197,290
Leases	540,800	658,109	644,368	580,832	529,973
Court Fines	2,501,387	2,932,590	3,113,500	3,074,550	3,562,400
Enterprise Revenue	59,505,740	63,590,613	64,532,701	66,315,597	71,777,781
Water Sales	31,838,910	33,649,719	33,895,000	34,911,000	36,216,000
Wastewater Service	18,308,749	19,090,890	19,765,000	19,643,480	20,637,099
Solid Waste Service	8,445,783	9,126,819	9,213,721	9,758,404	12,873,155
Other Utility Charges	635,978	1,384,997	1,326,620	1,657,589	1,682,977
Airport Fuel Sales	276,320	338,188	332,360	345,124	368,550
System Development Fees	25,950,791	26,560,172	28,559,400	36,107,807	39,192,600
Water	9,288,514	9,224,251	9,528,500	11,496,200	12,645,800
Wastewater	8,067,389	8,895,527	9,008,000	11,008,687	12,242,800
Solid Waste Containers	274,176	335,274	306,000	378,420	387,600
Parks/Residential Development	1,340,958	1,522,955	1,502,000	1,646,000	1,728,300
Public Buildings/Street Impact I	6,979,754	6,582,165	8,214,900	11,578,500	12,188,100
Interfund Charges	4,458,444	4,593,361	6,037,073	4,290,652	5,550,776
Property Tax	15,922,881	17,704,092	20,764,445	20,760,500	23,016,402
TOTAL REVENUE	\$ 242,839,082	\$ 256,138,630	\$ 259,333,360	\$ 272,671,722	\$ 288,400,200

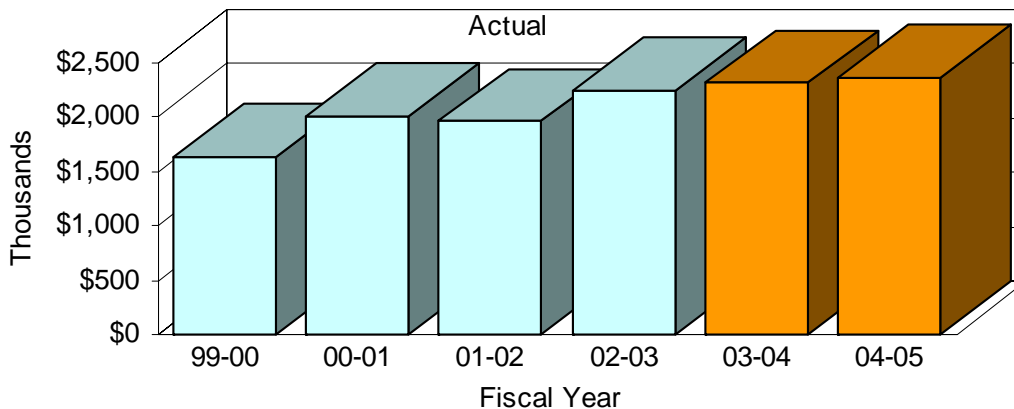
SOURCE: Franchise Tax

Summary: The Franchise Tax is paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications, Qwest Cable Services (5% of Gross Sales) and Air Products.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. Cable franchise payments from the prior year's last quarter were included in fiscal year 1999-2000, contributing to a 47.4% increase. The 23.3% increase for 2000-01 is attributed to major marketing efforts by Southwest Gas and Cable TV which have increased their sales resulting in higher franchise taxes to Chandler. The 2001-02 decrease is due to a Cox reduction of payments to offset prior year overpayments discovered during the third quarter. The 2002-03 increase is due to higher cable service taxes realized as a result of an audit. The 2003-04 estimate is a nine-month actual, three-month projection; the increase is due to growth in usage.

Projection: A small increase is projected for fiscal year 2004-05 due to continued growth in Chandler.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	1,628,723	47.4
2000-01	2,008,187	23.3
2001-02	1,957,618	(2.5)
2002-03	2,249,190	14.9
2003-04 (Est.)	2,311,522	2.8
2004-05 (Est.)	2,354,400	1.9



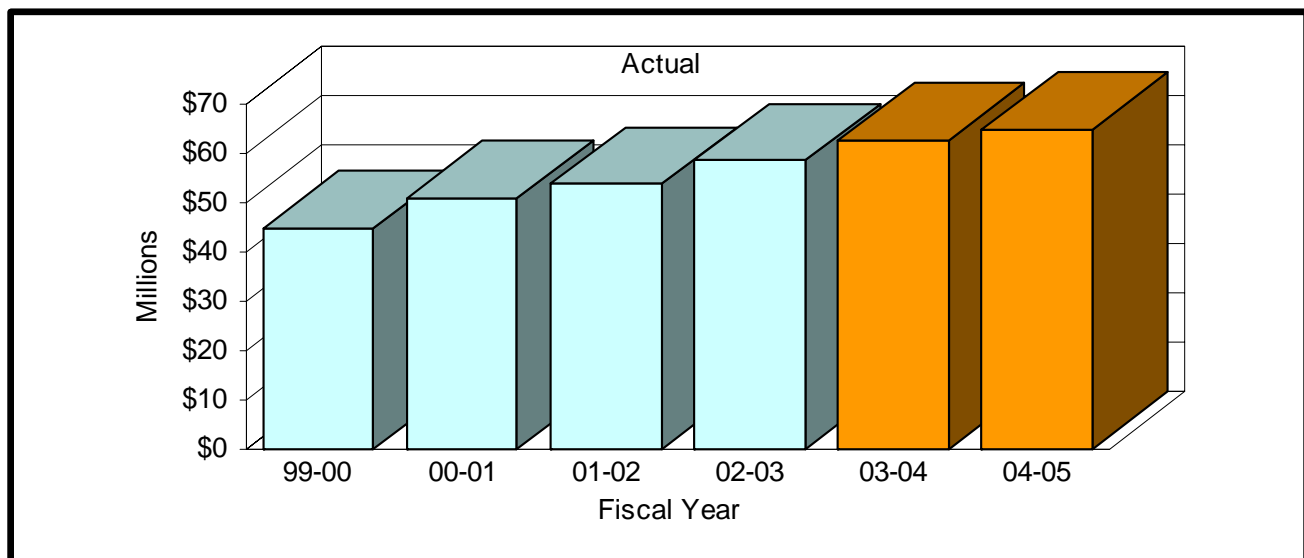
SOURCE: Transaction Privilege (Sales) Tax

Summary: The Transaction Privilege (Sales) Tax is obtained from the City-administered tax on the sale of goods and various business activities. This is one of the largest revenue sources for the City of Chandler. Economic activity, especially in the area of construction and retail sales, has a direct effect on collections. As a result, those areas are closely monitored for any major fluctuations. This revenue may be expended for any municipal public purpose.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. Over the past five years, increases in housing starts have contributed to higher collections in the contracting sales tax category. The 1999-2000 increases are due to continued residential and commercial building growth activity. The 2000-01 increase is due primarily to the increased commercial building with construction at Intel, Schwab and the Westcor Mall. The 2001-02 amount reflects increased retail sales from the opening of the Chandler Fashion Center in October 2001. The 2002-03 increase reflects the full year increase from the Mall plus restaurants/bars around the Chandler Fashion Center. The 2003-04 estimate is a nine-month actual, three-month projection and reflects continued growth in retail, restaurants/bars and rental of property.

Projection: There is an anticipated small increase in the overall sales tax collections for fiscal year 2004-05 due to the continued growth from retail, restaurant/bar and utility sales.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	44,688,844	7.4
2000-01	50,829,131	13.7
2001-02	53,630,072	5.5
2002-03	58,413,111	8.9
2003-04 (Est.)	62,686,000	7.3
2004-05 (Est.)	64,732,907	3.3



Transaction Privilege (Sales) Tax

The following detail is presented to show by category the amount of Transaction Privilege (Sales) Tax that has been collected the prior three years, budgeted for and revised for the current year and projections on the ensuing fiscal year. The estimate presented for 2003-04 is a nine-month actual, three-month projection. Growth is anticipated for most categories in fiscal year 2004-05.

	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Adopted	2003-04 Estimate	2004-05 Adopted	% chg 2003-04Est 2004-05
Contracting ⁽¹⁾	\$ 11,563,422	\$ 11,290,014	\$ 11,461,284	9,000,000	11,000,000	10,000,000	(9.1%)
General Retail ⁽²⁾	18,467,762	19,907,303	22,510,804	25,783,763	26,271,000	28,262,088	7.6%
Restaurant/Bar	3,416,147	3,921,958	4,460,973	5,226,000	5,000,000	5,350,000	7.0%
Utilities	6,058,546	6,417,518	6,648,449	7,000,000	7,000,000	7,350,000	5.0%
Telecommunications	2,931,529	2,869,467	3,122,527	3,000,000	2,900,000	2,950,000	1.7%
Rentals - Real	3,759,161	4,530,384	5,189,903	5,460,000	5,500,000	5,550,000	0.9%
Rentals - Personal	1,573,050	1,760,707	2,005,493	2,100,000	2,010,000	2,050,000	2.0%
Hotel/Motel	1,299,873	1,161,330	1,212,418	1,300,000	1,240,000	1,345,819	8.5%
Publishing/Other	626,200	586,054	668,575	675,000	650,000	750,000	15.4%
Amusements	326,154	347,405	407,495	440,000	440,000	450,000	2.3%
Use Tax	807,287	837,932	641,771	600,000	675,000	675,000	0.0%
Total	<u>\$ 50,829,131</u>	<u>\$ 53,630,072</u>	<u>\$ 58,329,692</u>	<u>\$ 60,584,763</u>	<u>\$ 62,686,000</u>	<u>\$ 64,732,907</u>	<u>3.3%</u>

⁽¹⁾ Contracting includes sales tax collections on all construction activity.

⁽²⁾ General Retail includes Car and Truck, Grocery Stores, Drug, Liquor Stores and Arizona Mills Sales Tax Sharing.

SOURCE: Other Licenses

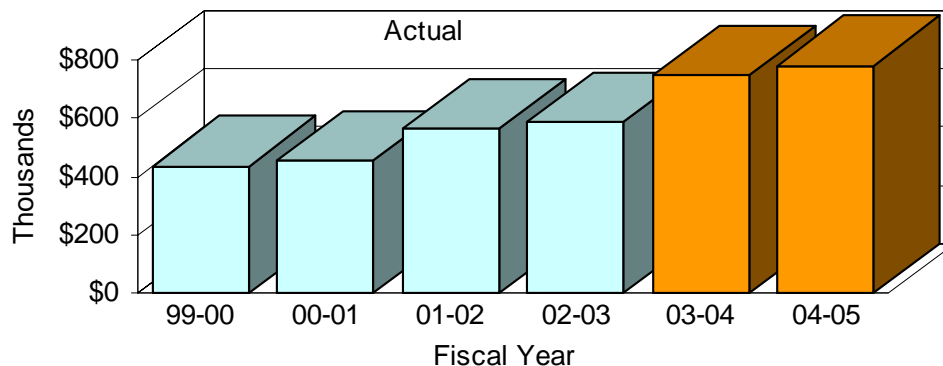
Summary: Other Licenses revenue is comprised of 2004-05 projected fees for the following business licenses:

1. Business Licenses	\$ 350,000	5. Alarm	\$ 115,700
2. Alcoholic Beverages	\$ 240,000	6. Amusements	\$ 30,700
3. Peddlers and Vendors	\$ 12,800	7. Professional/Occupation and Other	\$ 24,000
4. Second Hand and Junk Dealers	\$ 6,400	8. Cable License Applications	\$ 4,000

Analysis: Listed below is the past four years of actual license revenue, including the percent of increase or decrease. The increases in 1999-2000 through 2000-01 are a result of increased activity in business licenses, alcohol beverage licenses and home alarm systems. The 23.8% increase in 2001-02 is due to a large number of alcoholic beverage licenses for new restaurants/bars as a result of the Chandler Fashion Center opening. The 2003-04 estimate is a nine-month actual, three-month projection and reflects the continued growth plus annual business license fee increase from ten dollars to twenty-five dollars effective July 1, 2003.

Projection: Alcohol and business licenses make up the majority of this category; an increase is projected for fiscal year 2004-05 due to continued growth in the city.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	437,826	4.0
2000-01	456,066	4.2
2001-02	564,699	23.8
2002-03	588,240	4.2
2003-04 (Est.)	747,300	27.0
2004-05 (Est.)	783,600	4.9



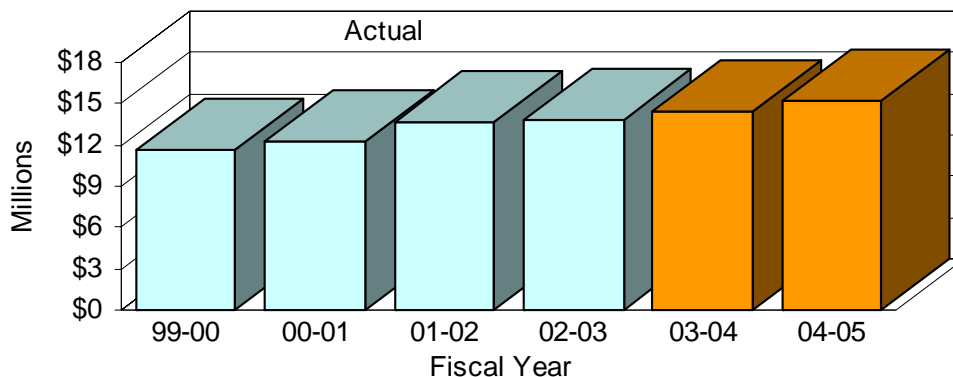
SOURCE: State Shared Sales Tax

Summary: The State sales tax rate is currently 5%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population. This revenue may be expended for any municipal public purpose, and is therefore placed entirely in the General Fund.

Analysis: Listed below is the prior four years of actual revenue with the percent of increase. The increases in 1999-2000 and 2000-01 represent continued growth in consumer spending with an offset of the phase out of the commercial lease tax. The 2001-02 increase is a result of Chandler receiving a larger portion of the State's distribution from 2000 census population. The 2002-03 increase of only 0.9% reflects the economic slowdown after September 11, 2001. The 2003-04 estimate is a nine-month actual, three-month projection; the increase reflects the state's economical recovery in consumer spending.

Projection: Projecting a continued recovery of the economy, a 5.5% increase is projected for 2004-05. This does not take into consideration any reductions that could be imposed by the State.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	11,626,261	9.9
2000-01	12,270,238	5.5
2001-02	13,636,515	11.1
2002-03	13,765,118	0.9
2003-04 (Est.)	14,450,000	5.0
2004-05 (Est.)	15,247,850	5.5



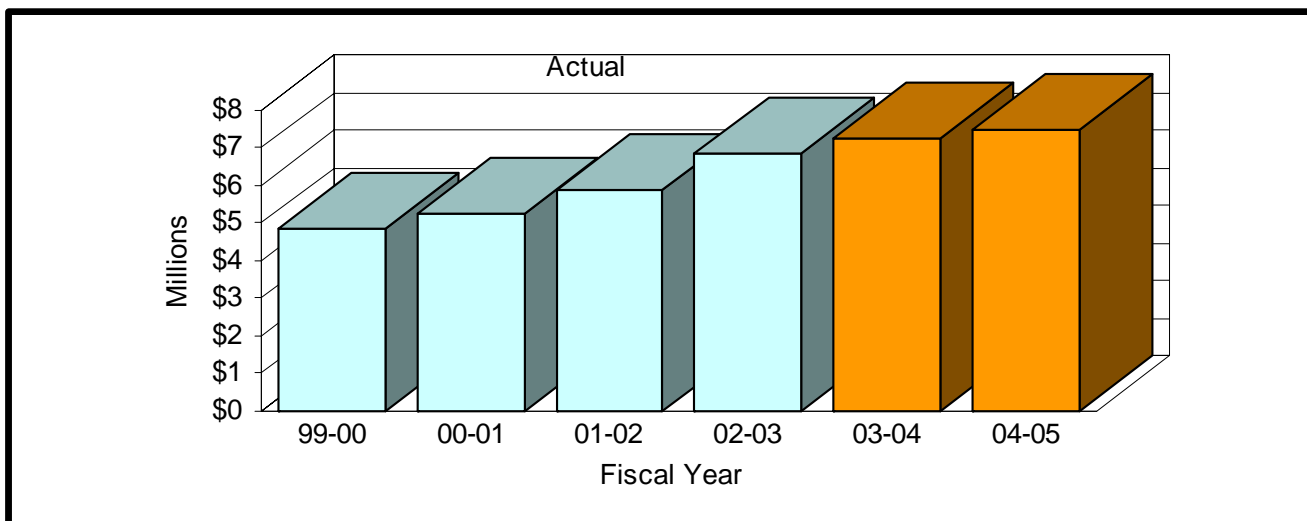
SOURCE: Auto Lieu Tax

Summary: This State shared tax was distributed to the cities through the County Treasurer's Office; effective 2002-03 bi-monthly payments are distributed through the state. Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county. The respective shares are determined by the proportion of their population to total incorporated population of the County. This revenue may be expended for any municipal public purpose.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. The increases in 1999-00 through 2000-01 are a result of increased value of vehicles and sales due to a strong economy. In 2001-02, Chandler received a larger share of the County's revenue due to the 2000 census. The 2002-03 increase reflects a bi-monthly transfer from the state with a late county payment from the prior year. The 2003-04 estimate is a nine-month actual, three-month projection; the 5.8% increase is due to the continuation of sales in the recovering economy.

Projection: With the uncertainty of continued vehicle offers, we are anticipating a conservative increase in this category for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	4,849,432	10.3
2000-01	5,242,763	8.1
2001-02	5,860,024	11.8
2002-03	6,866,866	17.2
2003-04 (Est.)	7,263,000	5.8
2004-05 (Est.)	7,480,890	3.0



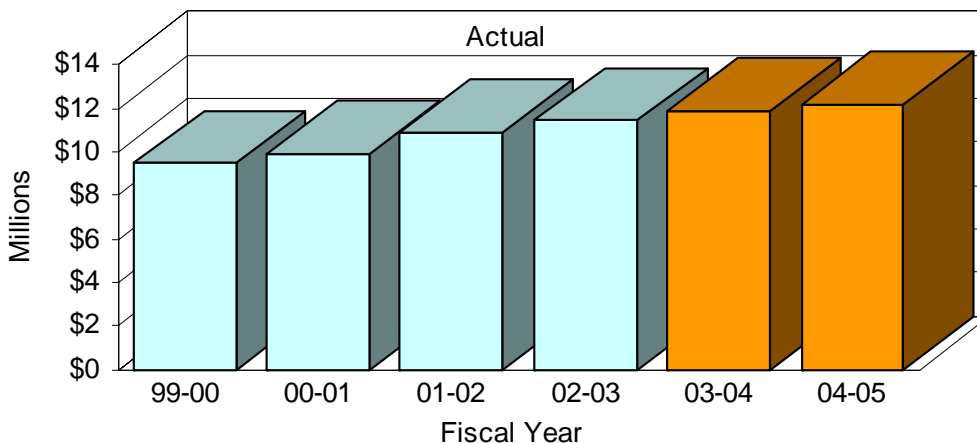
SOURCE: Highway Users Tax

Summary: The State gas tax is currently levied at a rate of \$0.18 per gallon and distributed to cities and towns using two formulas. Of the \$0.18 per gallon, \$0.13 is placed in the Highway User Fund; cities and towns in Arizona receive 27.5% of these revenues. One-half of this allocation is distributed on the basis of the municipality's population in relation to the population of all incorporated cities and towns in the State. The remaining half is allocated on the basis of "county of origin" of gasoline sales and the relation of the municipality's population to the population of all incorporated cities and towns in the County. In addition to this revenue, cities and towns receive a share of a \$0.03 increase which became effective January 1, 1986, and is distributed as part of the monthly highway user revenue monies. This revenue must be expended solely on street and highway projects within the City.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The 2000 U.S. Census population figures resulted in a larger portion of the state's HURF revenue distribution to the City of Chandler for 2001-02. The 2002-03 increase reflects growth in gasoline sales. The 2003-04 estimate is a nine-month actual, three-month projection, and includes the higher gas prices reflected last summer.

Projection: Based on continued growth of gasoline sales, absent any further unforeseen legislative changes, a 2% increase is projected for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	9,468,863	4.8
2000-01	9,865,633	4.2
2001-02	10,918,384	10.7
2002-03	11,428,742	4.7
2003-04 (Est.)	11,900,000	4.1
2004-05 (Est.)	12,138,076	2.0



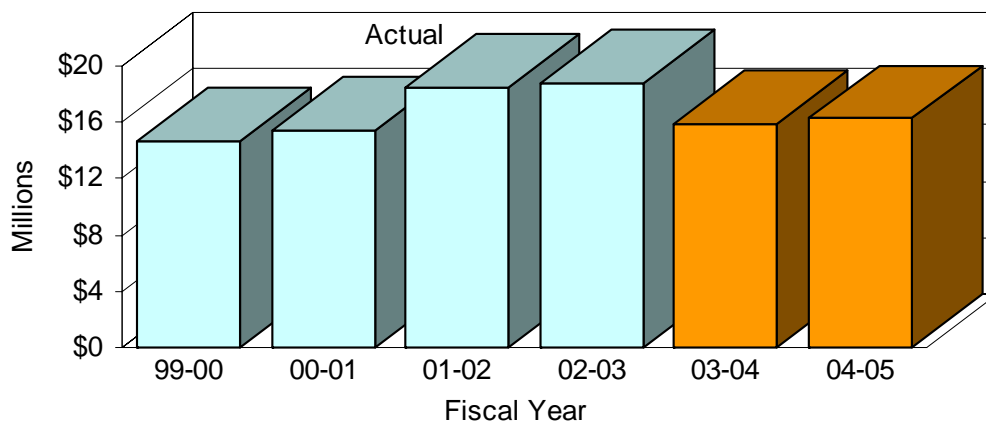
SOURCE: State Revenue Sharing

Summary: This year's State shared revenue is the City's share of the 2001 State income tax receipts. Through fiscal year 1999-2000 Arizona municipalities shared 15.8% of the State's income tax collections, which are distributed based on population. In fiscal year 2000-01 the share to municipalities was reduced to 15% of the State's income tax collections. This revenue may be expended for any municipal public purpose.

Analysis: Continued rising income, increased job creation and low unemployment rates have all contributed to the increases for 1999-2000 and 2000-01. Chandler's increased share of state population based on the 2000 census results in a large increase for 2001-02. The 2003-04 estimate is a nine-month actual, three-month projection. It reflects Chandler's reduction of \$3.1 million of the state's \$70 million reduction to all municipalities.

Projection: This estimate is based on numbers provided by the League of Arizona Cities and Towns. A small increase of 2.1% is projected for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	14,667,670	11.0
2000-01	15,394,290	5.0
2001-02	18,417,625	19.6
2002-03	18,793,721	2.0
2003-04 (Est.)	15,922,200	(15.3)
2004-05 (Est.)	16,253,014	2.1



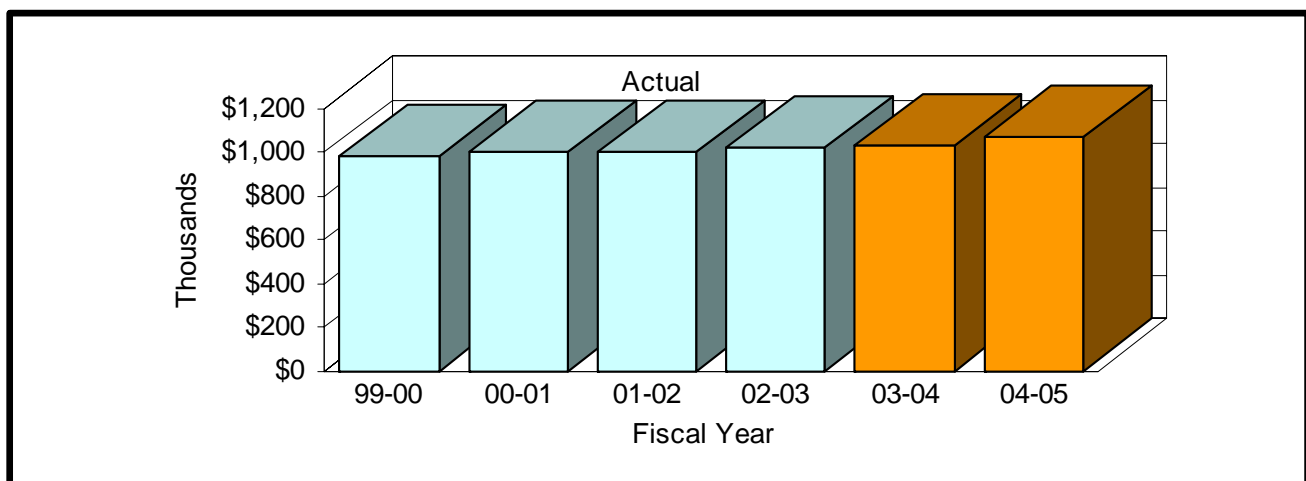
SOURCE: Lottery Entitlement

Summary: Distribution of State lottery monies to the City began in January 1982, as the local transportation assistance fund (LTAF). A total minimum distribution of \$20.5 million to cities and towns is generated each fiscal year; a maximum distribution of \$23 million is distributed if this amount is generated by the lottery. This allocation to cities and towns is based upon population. If the total annual distribution to all cities reaches \$23-million, 10% of the amount that is received by each city can be spent on cultural, educational, historical, recreational or scientific facilities or programs, if non-public monies are available as a match. This revenue may be expended for construction or reconstruction of streets and highway projects in the public right-of-way. As a member of the Regional Public Transit Authority, one-third of these revenues must also be expended for public transit programs within the City.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. Each year, the lottery entitlement has reached its cap of \$23-million. However, Chandler's portion has increased yearly, primarily as a result of population increases. The 2003-04 estimate is based on nine months of actual and three-month projection.

Projection: Based on the estimate provided by League of Arizona Cities and Towns, we project an increase of 4% for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	981,869	2.2
2000-01	999,497	1.8
2001-02	1,002,340	0.3
2002-03	1,020,285	1.8
2003-04 (Est.)	1,031,500	1.1
2004-05 (Est.)	1,072,387	4.0



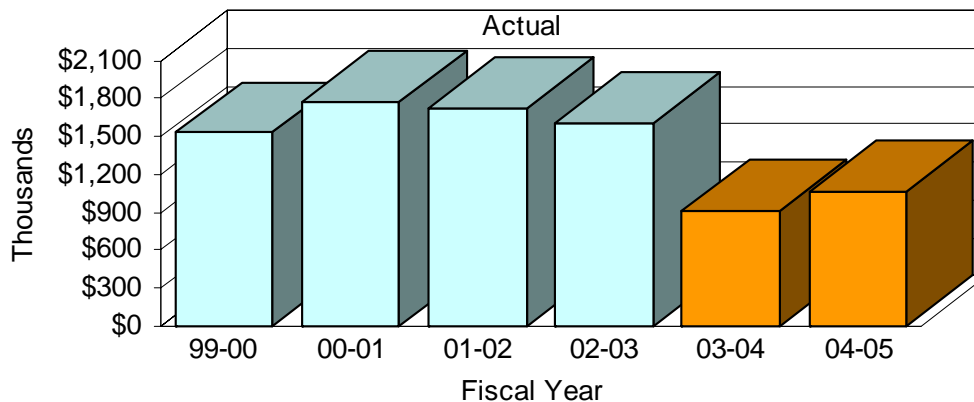
SOURCE: Engineering Fees

Summary: Engineering Fees are derived from plan review fees, off-site inspection fees, encroachment permits, street signs, traffic signal fees, and fiber optic fees. Most of these revenues are largely a function of development. In the past, we have used the title "Engineering Fees - Offsite Inspection" for inspection and administration fees collected at the time of permit issuance. These fees were to cover the cost of inspection and staff for oversight of private development offsite construction. In January of 2001, Chandler implemented the new City Code sections which changed the permitting process to an Encroachment Permit system. The major difference between the two is that under the encroachment system, permits are divided into separate classes based upon the type of work performed: Class 1 - Minor Encroachment; Class 2 - Sidewalk Furniture; Class 3 - Landscape Maintenance; Class 4 - Telecommunications and telecommunications related facilities; Class 5 - Fiber Optic; Class 6 - Cable/Internet; Class 7 - Utilities (water, sewer, storm drain, etc); and Class 8 - Other offsite work (paving, trenching, streetlights, etc.). Fees are also imposed to offset the City's cost for plan reviews.

Analysis: Listed below is the past four years of actual revenues, with the percent of increase or decrease. The 1999-2000 and 2000-01 increases are based on several large commercial/industrial projects (Intel, Schwab, Westcor) and residential development. The decreases for 2001-02 and 2002-03 are due to a reduction in plan review fees, utility and offsite work encroachment permits compared to prior years. The 2003-04 estimate is based on nine months of actual and three-month projection; the slowdown in class 7 and 8 permits results in an anticipated decrease of over 40%. This decrease was anticipated by staff, and there is no negative impact to the budget.

Projection: The quantity of inspections and reviews continues to remain high; however, the size and type of development affects the revenue stream. The 16.0% increase in fiscal year 2004-05 is the result of anticipated development resulting in more encroachment permit fees (classes 7 and 8) compared to 2003-04.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	1,530,038	28.7
2000-01	1,776,733	16.1
2001-02	1,728,908	(2.7)
2002-03	1,606,281	(7.1)
2003-04 (Est.)	916,280	(43.0)
2004-05 (Est.)	1,062,500	16.0



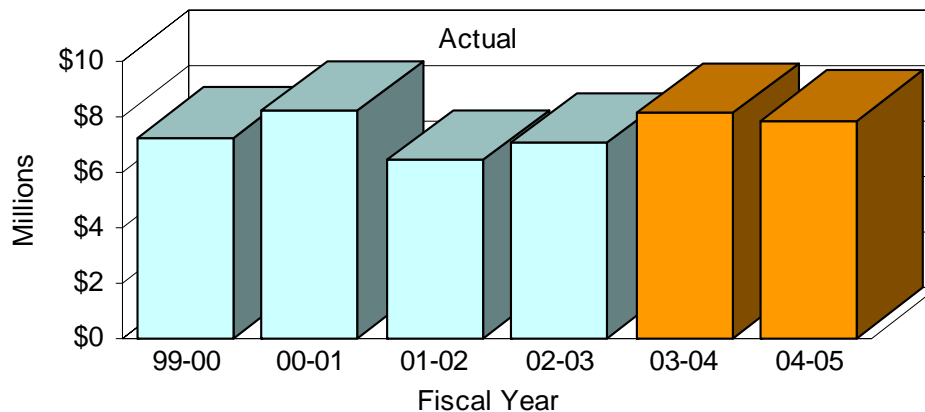
SOURCE: Building Division Fees

Summary: Building Division Fees are assessed based on a formula using construction costs and square footage. The following categories are included: building permits, electrical permits, plumbing permits, building inspection fees, and plan check fees. Fees imposed are used to offset the City's cost for review and inspections.

Analysis: Listed below is the past four years of actual revenue, including the percent of increase or decrease. The fluctuations are not only due to the economic growth, but also to the type of construction. The large increases in 1999-2000 and 2000-01 are a result of industrial and commercial expansions as well as overall continued residential growth. The decrease for 2001-02 is due to diminished plan check fees and building permits collected compared to the last few years. The 2002-03 and 2003-04 estimated increases are due to higher than expected building permit fees from development in Southeast Chandler. The 2003-04 estimate is a nine-month actual, three-month projection.

Projection: A decrease of 3.3% is projected for fiscal year 2004-05, due to an anticipated reduction in plan check fee collections.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	7,227,922	18.2
2000-01	8,181,524	13.2
2001-02	6,407,290	(21.7)
2002-03	7,037,663	9.8
2003-04 (Est.)	8,122,900	15.4
2004-05 (Est.)	7,858,400	(3.3)



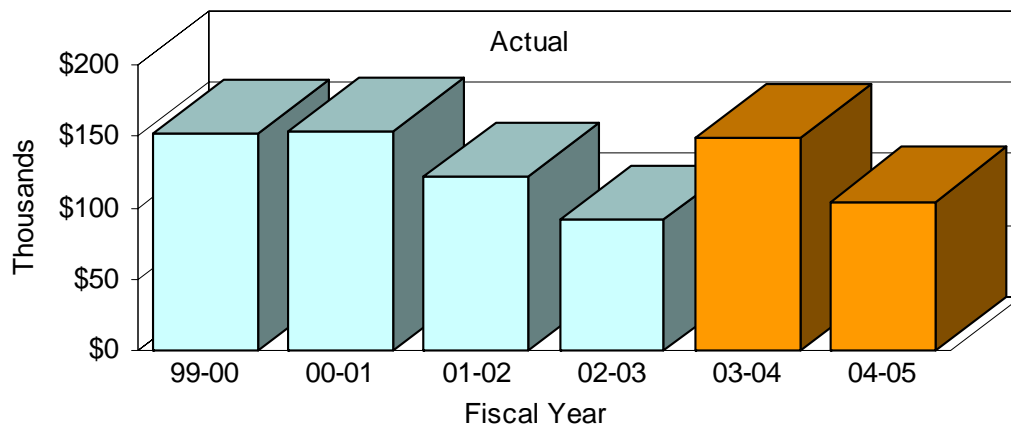
SOURCE: Planning Fees

Summary: Planning Fees are derived from zoning and subdivision application fees, along with the sale of maps and codes. Fees imposed are used to offset the costs of legal notices, property-owner notification, printing and other incurred City costs.

Analysis: Listed below are the past four years of actual revenue, including the percent of increase or decrease from the prior year. Revenues generated from this source fluctuate due to rezoning applications in the community. The 1999-2000 decrease was due to a fewer number of subdivisions being filed in the City. In 2000-01, large-scale zoning applications and more residential subdivision filings in Southeast Chandler resulted in a slight increase. Since most of the larger areas in the City have already been zoned, the zoning fees decreased substantially in 2001-02 and 2002-03. However, staff had projected a large decrease in these revenues so there is no negative impact to the budget. The estimate for 2003-04 is a nine-month actual, three-month projection. The increase in 2003-04 reflects higher than expected fees due to rezoning in Southeast Chandler for Fulton Homes.

Projection: As noted above, the projected zoning fee revenue is reduced due to fewer areas needing zoning. This results in an expected decrease of almost 30% in 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	151,560	(9.3)
2000-01	153,927	1.6
2001-02	122,330	(20.5)
2002-03	91,738	(25.0)
2003-04 (Est.)	148,900	62.3
2004-05 (Est.)	104,500	(29.8)



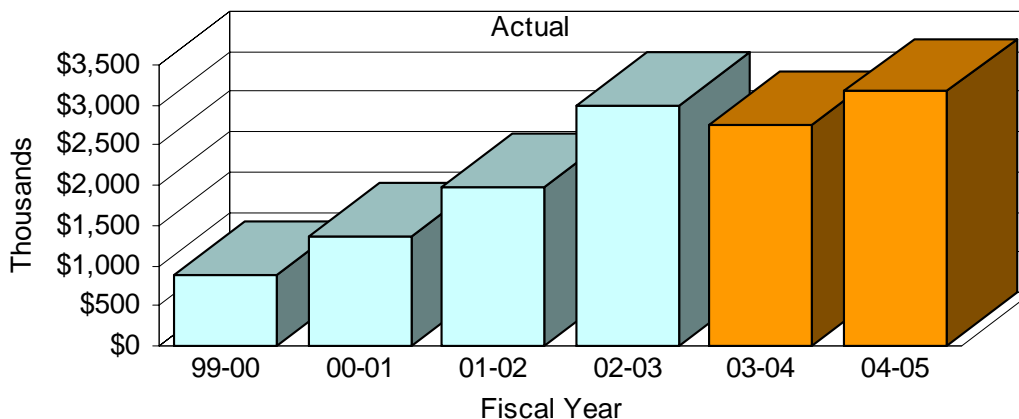
SOURCE: Public Safety Miscellaneous

Summary: This source of revenue is derived from fees charged for copies of accident and police reports, reimbursement from other agencies for overtime worked, alarm permits and assessments for exceeding the number of false alarm response calls allowed, and for the Chandler/Kyrene Public Schools programs. Police confiscated funds are included in the category but are passed through the State or County Attorney General's Office on a reimbursement basis. Due to the nature of the confiscated revenue, estimates from year to year can fluctuate dramatically depending on illegal activities occurring in and around the community. Also included in this category is fire contractual services, reimbursement of costs for Wildfire Firefighter participation, and a fee for advanced life support paid through Southwest Ambulance.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The substantial decrease in 1999-2000 is due to a significant reduction in confiscated contraband compared to the previous year. The increase of over 50% for 2000-01 is due to more revenue from Police outside services as a result of several major developers working on improvements around the City. In addition, Police radio service revenue has increased because of contracts with Gilbert and Mesa. The 2001-02 increase reflects state revenue through the Chandler Public School District for additional Police Officers to participate in the Safe Schools Program. The 2002-03 increase reflects school resource officer and DARE contracts with Chandler, Kyrene and Mesa school districts. The 2003-04 estimate is a nine-month actual, three-month projection; the decrease is due to less forfeiture revenue expected from the state and county.

Projection: The 2004-05 projection is due to the anticipated increase in budgeted forfeiture collection, revenues from the medical transport contract with Southwest Ambulance and contracts with public schools for officers.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	890,594	(37.0)
2000-01	1,358,720	52.6
2001-02	1,969,492	45.0
2002-03	2,994,917	52.1
2003-04 (Est.)	2,747,360	(8.3)
2004-05 (Est.)	3,164,081	15.2



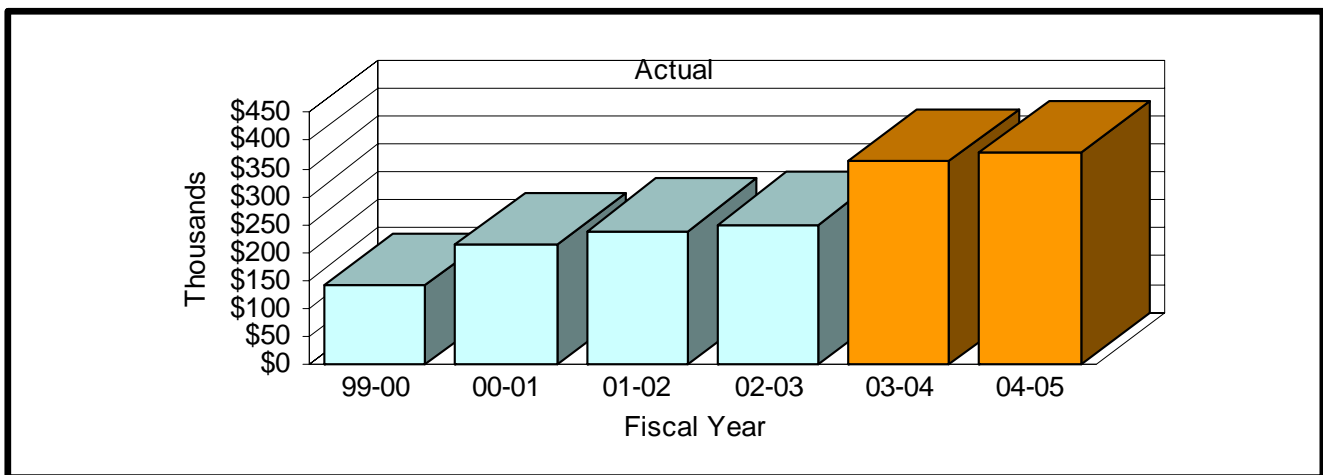
SOURCE: Library Revenues

Summary: Library revenue is derived from book fines of 10¢ per day per book, video and compact discs fines of \$1.00 per day and replacement charges for lost books.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The substantial increase for 1999-2000 is due to an intergovernmental agreement with the Chandler Unified School District for operating costs of the Hamilton Branch Library. The 2001-02 increase is due to the revenues generated from the Sunset Library branch. The 2003-04 estimate is a nine-month actual, three-month projection; the 45.4% increase is a result of higher library fines plus the contract with the Chandler Unified School District for the Basha Branch Library.

Projection: The revenue projection for fiscal year 2004-05 due to student population increases resulting in higher Chandler Unified School District contract payments to the City.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	141,931	88.2
2000-01	214,252	51.0
2001-02	238,591	11.4
2002-03	249,584	4.6
2003-04 (Est.)	363,012	45.4
2004-05 (Est.)	377,461	4.0



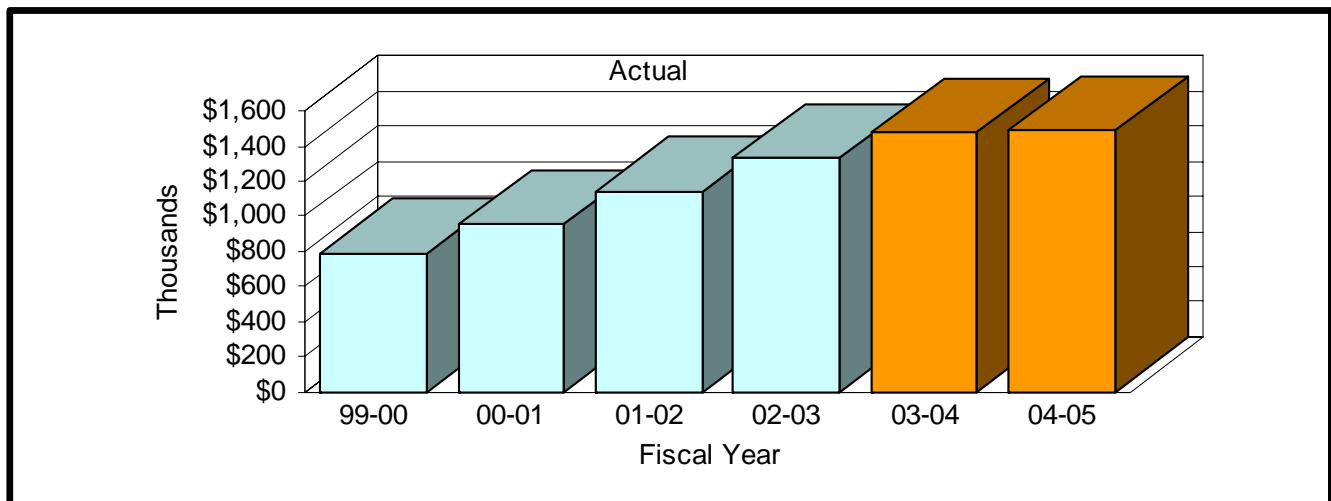
SOURCE: Parks and Recreation Fees

Summary: Parks and Recreation revenue is comprised of swimming pool charges and concession sales, Community Center/Senior Center rentals, recreational program classes, adult sports leagues and other park and recreation revenue, i.e. pavilion rentals and ballfield lights.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. The increase in 1999-2000 is the result of adding satellite recreation programs at the renovated Snedigar Recreation Center, Aprende Junior High and swim pool fees for the new West Chandler Aquatic Facility. The increases for 2000-01 and 2001-02 are based on the expansion of community recreation programs at the Snedigar Sportsplex and swim pool fees from the Hamilton Aquatic Center. The 2002-03 increase is due to expanded programs at the Snedigar Sportsplex and satellite sites. The 2003-04 estimate is a nine-month actual, three-month projection, reflecting increased participation in community recreation programs.

Projection: The slight increase in 2004-05 reflects less revenue anticipated from the older aquatic facilities offset by increased revenues from the satellite and community center programs.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	785,572	29.3
2000-01	953,205	21.3
2001-02	1,143,949	20.0
2002-03	1,331,715	16.4
2003-04 (Est.)	1,476,221	10.9
2004-05 (Est.)	1,487,150	0.7



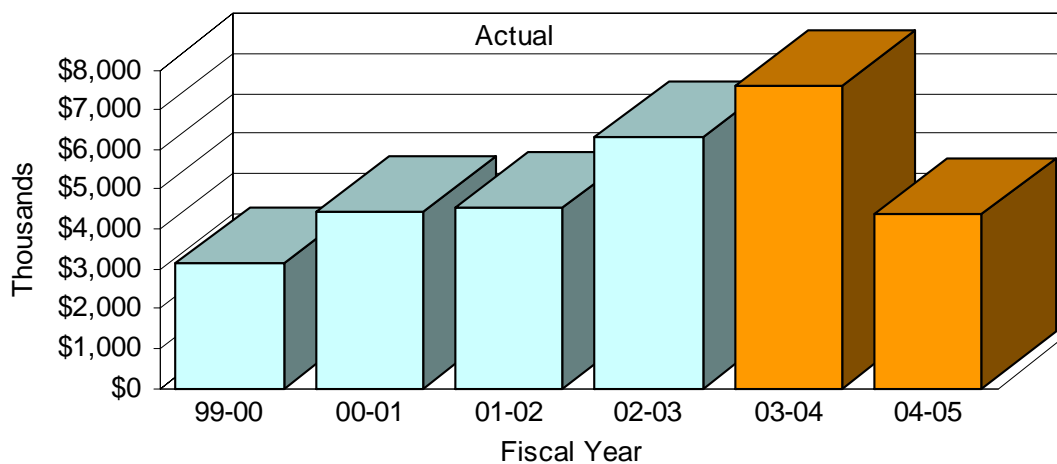
SOURCE: Other Receipts

Summary: This revenue consists of audit assessments, worker's compensation rate collections, Cox Communication Cable donation, bus service and shelter revenue, trust and agency funds, and miscellaneous revenue, including reimbursements for prior year expenses.

Analysis: The 1999-2000 revenue reflects an increase in collection of audit assessments and penalty fees due to the addition of a tax auditor plus an increase from worker's compensation rates. The increase for 2000-01 reflects several large audit assessments with penalties, House Bill 2565 Powerball distribution, and workers compensation rate collections. The 2002-03 estimate includes increased penalty fees, land sale proceeds and miscellaneous revenue. The 2003-04 estimate is a nine-month actual, three-month projection; the increase includes recovery of prior year expenses and a special House Bill 2565 Powerball distribution.

Projection: The anticipated decrease for 2004-05 is due to a reduction of worker's compensation due to a more efficient self-administered program, fewer audit assessments and a lower estimate on recovery of expenses.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	3,155,489	54.2
2000-01	4,425,264	40.2
2001-02	4,521,516	2.2
2002-03	6,320,503	39.8
2003-04 (Est.)	7,615,064	20.5
2004-05 (Est.)	4,354,262	(42.8)



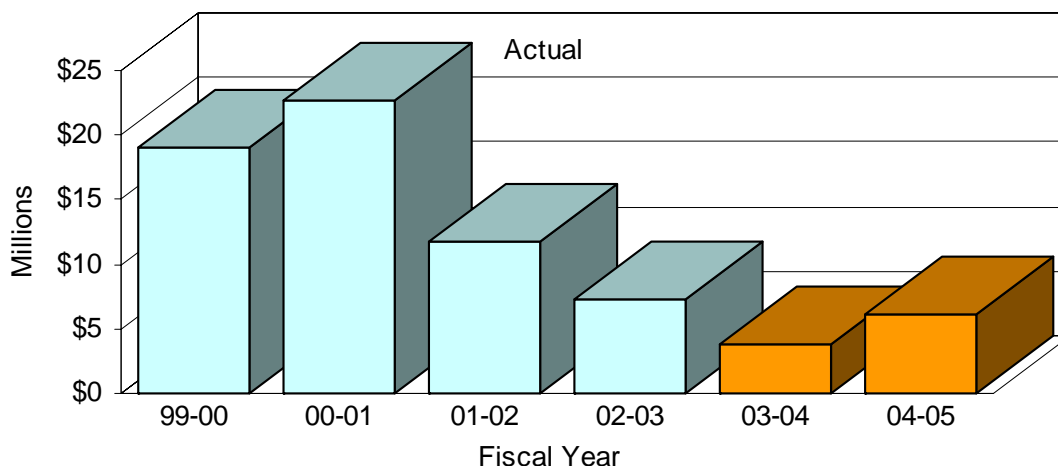
SOURCE: Interest on Investments

Summary: Interest on investments is earned based on continuous investments of all idle funds. The City principally invests in the Local Government Investment Pool of the Arizona State Treasurer's Office, which is authorized by state statute. Investments are restricted to Federal Treasury or agency securities, repurchase agreements, and fully collateralized time certificates of deposit, which the City may invest with local banks from time to time.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The changes in 1999-2000 through 2002-03 are a result of constant changes in fund balances. Significant increases or decreases are mainly attributable to the sale of bonds or completion of capital projects. The decrease for 2001-02 and 2002-03 are due to a steady decline in interest rates from 5% to 2% and the completion of many projects in the City. The 2003-04 estimate is a nine-month actual, three-month projection. The declining interest rate, plus the completion of capital projects resulting in lower fund balances, have both contributed to a continued projected decrease for 2003-04 interest revenue.

Projection: The projected increase in 2004-05 is due to the expectation of higher interest rates from investments managed by our two outside investment management companies.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	18,997,191	26.2
2000-01	22,687,235	19.4
2001-02	11,682,882	(48.5)
2002-03	7,246,883	(38.0)
2003-04 (Est.)	3,736,025	(48.4)
2004-05 (Est.)	6,197,040	65.9



SOURCE: Leases

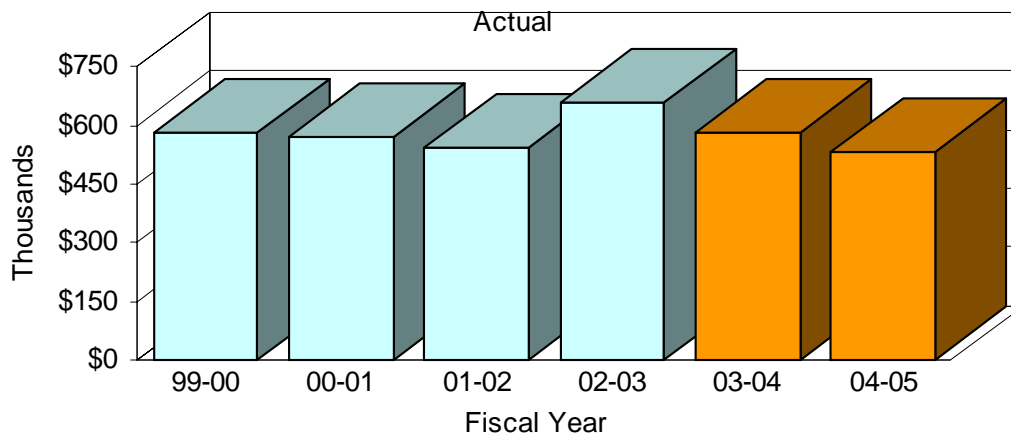
Summary: This revenue item is comprised of leases at the Chandler Municipal Airport, fixed leases for parking and indemnity in the City garage, and other properties such as the Boys/Girls Club. A listing of various leases are composed as follows:

1. Airport Leases	\$ 125,808
2. Airport T-Hangars, Tie-Downs, and T-Shades	364,000
3. Other rent and fixed leases	<u>40,165</u>
Total	<u>\$ 529,973</u>

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The 1999-2000 increase is a result of additional revenue from property rentals, airport leases and tie-down fees. The modest decrease in 2000-01 is due to the revised lease arrangement at the airport. The 2001-02 decrease is because of vacancies in the Rocky Mountain Financial Center (RMFC) causing decreased revenues from the parking structure. The 2002-03 increase includes revenue based on the parking garage agreement with Equus Realty. The 2003-04 estimate is a nine-month actual and 3-month projection; it reflects the reductions of land lease revenue due to the expansion of Tumbleweed Park and less parking garage revenue.

Projection: The decrease in 2004-05 reflects the elimination of parking garage revenue due to the purchase agreement.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	578,649	4.6
2000-01	567,783	(1.9)
2001-02	540,800	(4.8)
2002-03	658,109	21.7
2003-04 (Est.)	580,832	(11.7)
2004-05 (Est.)	529,973	(8.8)



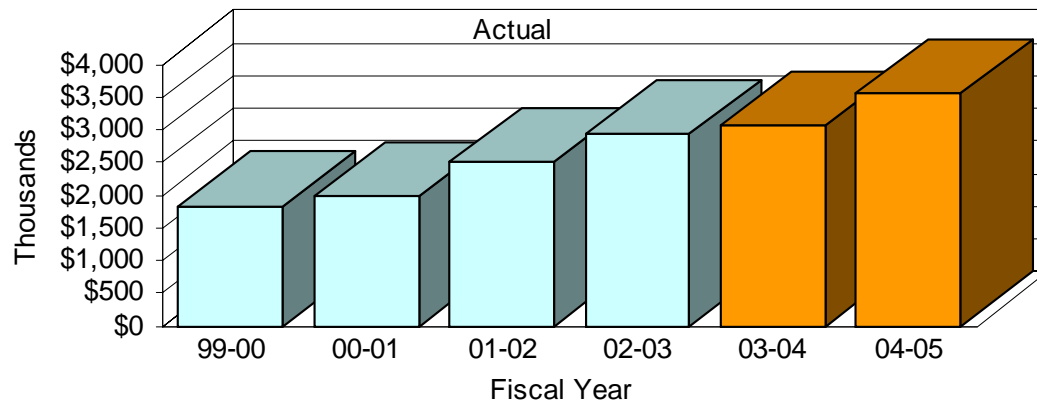
SOURCE: Court Fines

Summary: This revenue source is derived from fines and fees levied by the City Magistrate from traffic violations, traffic school administrative charges, warrants and jail recovery, juvenile-related offenses, probation monitoring fees and home detention fees. State Statute requires that a 80% surcharge plus a \$5 probation surcharge be assessed on all Court fines and transferred to the State of Arizona. In fiscal year 1993-94, a court enhancement fee of \$10 was added to all fines, sanctions, penalties and assessments imposed by the Court. These fees are used to enhance court security and automation. The fee for Traffic School is \$120, of which \$20 is sent to the State, \$25 to the contractor, \$10 Court Enhancement Fee and \$65 to the General Fund.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The 1999-2000 increase is due to additional court enhancement and administrative fees. The 2000-01 increase reflects additional revenue from the Photo Red Light implementation. The 2001-02 total reflects increased Photo Red Light revenue from additional intersections with cameras and enhanced image quality of plates. It also includes jail recovery fees from a backlog of DUI cases. The 2002-03 increase is a result of higher court fines from the expansion of the Photo Red Light implementation and Tax Intercept program. The 2003-04 figure is a nine-month actual, three-month projection; there is a continued increase in revenue related to the Tax Intercept program. The 2003-04 estimate is lower then expected due to the legislative implementation of the judicial collection diversion to the State.

Projection: A 15.9% increase is projected for 2004-05 due to extra revenue in court fines from the expected recovery of past due revenues from the Fines, Fees And Restoration Enforcement (FARE) program.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	1,834,166	4.9
2000-01	1,976,199	7.7
2001-02	2,501,387	26.6
2002-03	2,932,590	17.2
2003-04 (Est.)	3,074,550	4.8
2004-05 (Est.)	3,562,400	15.9



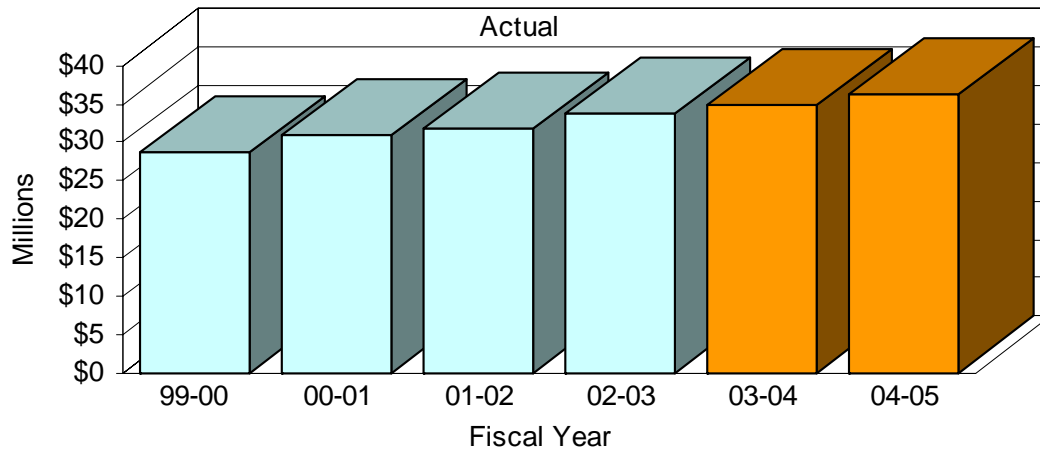
SOURCE: Water Sales

Summary: This revenue source is derived from the sale of water to customers both inside and outside the City limits. Monthly water billings consist of a base charge according to meter size and a consumption charge based on a "tiered" water rate structure. This tiered structure increases summer rates to encourage water conservation.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. Rates are reviewed annually to insure that adequate user fees are charged to cover operating and capital costs. A water conservation program is in place to encourage citizens to use less water. By using less water, customers can partially offset the increase in their water bill. The increase in 1999-2000 through the projection for 2003-04 is indicative of our growing population and increased water usage. The 2003-04 estimate is a nine-month actual, three-month projection.

Projection: An increase of about 3.7% in 2004-05 is projected based upon the number of expected new water users, which in turn produce an increase in water consumption. There is no increase in water rates for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	28,784,520	5.8
2000-01	30,966,506	7.6
2001-02	31,838,910	2.8
2002-03	33,649,719	5.7
2003-04 (Est.)	34,911,000	3.7
2004-05 (Est.)	36,216,000	3.7



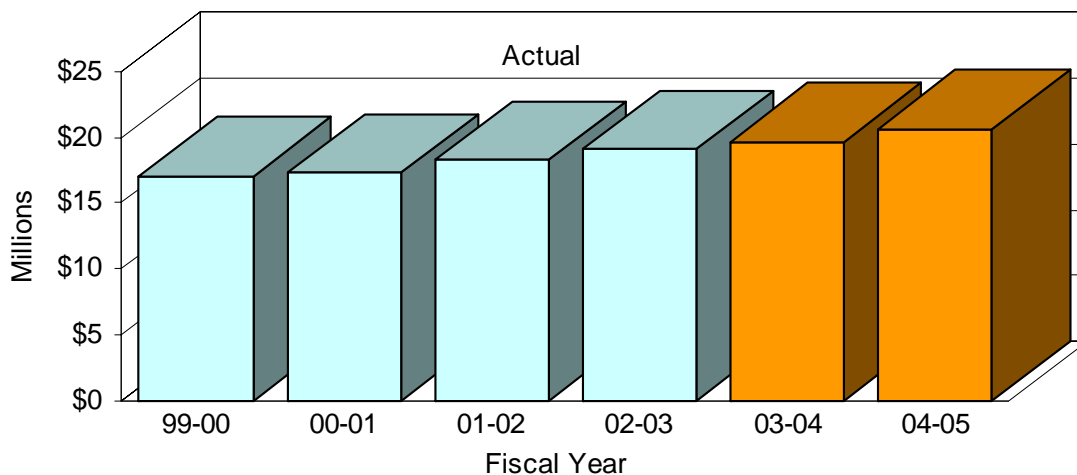
SOURCE: Wastewater Service

Summary: This revenue source is obtained from the fees charged for wastewater service both inside and outside the City limits. Residential customers are charged a flat rate per month, while commercial customers are charged based on water consumption or on measured sewer discharges.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. The increases experienced each year are due to a combination of population growth and rate adjustments to cover the expenditures needed to accommodate the growth and maintain debt service coverage ratio. Rates are reviewed annually to insure that adequate user fees are charged to cover operating and capital costs. The increases from 1999-2000 through the projection for 2003-04 reflect higher collection in both sewer user fees and Intel charges for the Reverse Osmosis plant. The 2003-04 estimate is a nine-month actual, three-month projection.

Projection: The projected 5.1% increase for 2004-05 is for continued residential growth and Intel surcharge fees. There is no increase in wastewater rates for 2004-05.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	17,049,663	3.4
2000-01	17,343,678	1.7
2001-02	18,308,749	5.6
2002-03	19,090,890	4.3
2003-04 (Est.)	19,643,480	2.9
2004-05 (Est.)	20,637,099	5.1



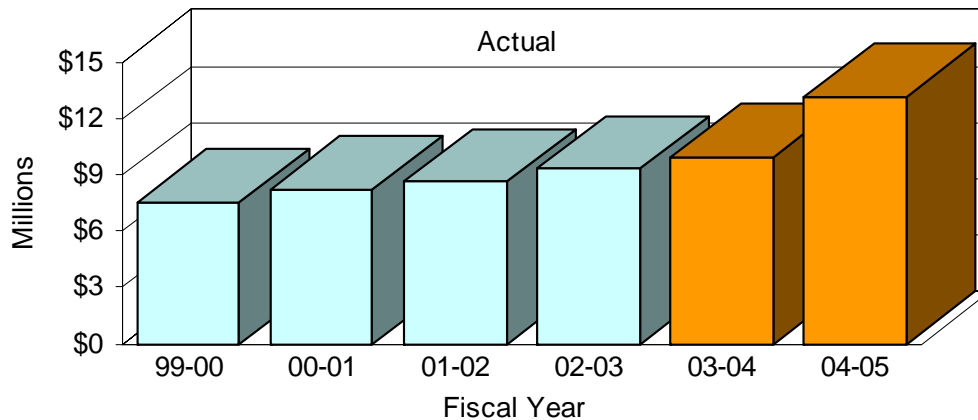
SOURCE: Solid Waste Service

Summary: Solid Waste Service revenue is largely comprised of dumping fees, solid waste service charges, and residential refuse collections. Solid waste service charges and residential refuse collection charges are based on size of container and frequency of pickup. Landfill dumping fees are based on tonnage of refuse delivered.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. The increases in 1999-2000 through 2003-04 reflect overall population growth of users. The increase for 2002-03 reflects additional landfill dumping fees due to the approved rate increase for commercial users in December 2001 and increases for City departments beginning 2002-03. The 2003-04 estimate is a nine-month actual, three-month projection.

Projection: The 2004-05 projected increase is due to population growth, increased landfill dumping fees plus higher recycling revenues. The projection also includes a potential residential rate increase for 2004-05 to deal with the Transfer Station operation or alternative solutions.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	7,401,445	7.9
2000-01	8,052,316	8.8
2001-02	8,445,783	4.9
2002-03	9,126,819	8.1
2003-04 (Est.)	9,758,404	6.9
2004-05 (Est.)	12,873,155	31.9



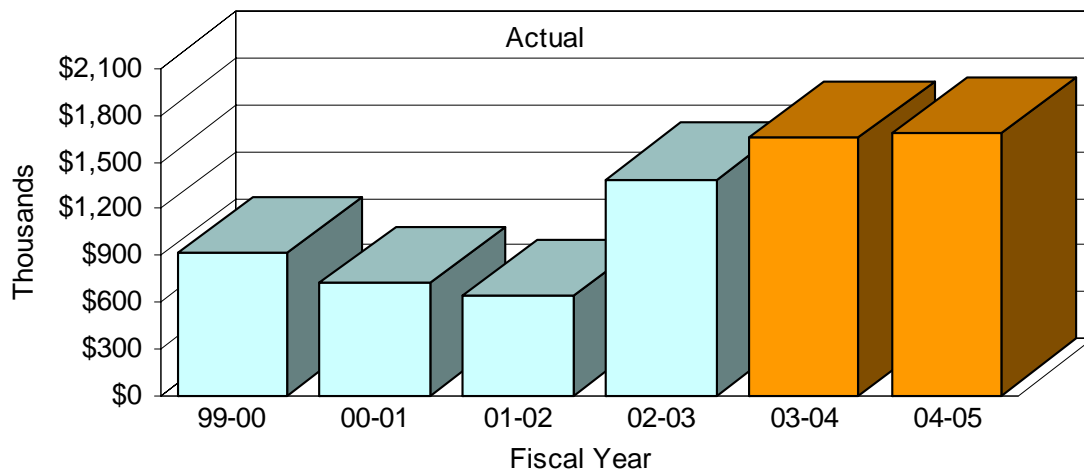
SOURCE: Other Utility Charges

Summary: This revenue category consists of utility fund charges for water meters and meter installations, service connect fees, water and miscellaneous service charges.

Analysis: Listed below is the past four years of actual revenue with the percent of increase. The largest revenue source in this category is water meter installations that fluctuate based on construction growth. In January 1999 the City began placing revenues collected for water meter installations into a payable account. Expenses directly related to these meters were paid out of this account; the balance of revenue was then recorded as the installation fee. The increase in 1999-2000 is due to more meter installations, plus additional water connection and service charges. The 2000-01 and 2001-02 decreases are due to less revenue recorded from meter installations. The 2002-03 increase is due to the fact that the fees collected for water meters and installation is recorded as revenue instead of the payable account per Accounting requirements. The 2003-04 estimate is a nine-month actual and three-month projection, with increased water connect fees and meter installations.

Projection: The increase projected for 2004-05 is due to slightly higher collections anticipated for water service charges and meter installations.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	910,709	14.5
2000-01	716,680	(21.3)
2001-02	635,978	(11.3)
2002-03	1,384,997	117.8
2003-04 (Est.)	1,657,589	19.7
2004-05 (Est.)	1,682,977	1.5



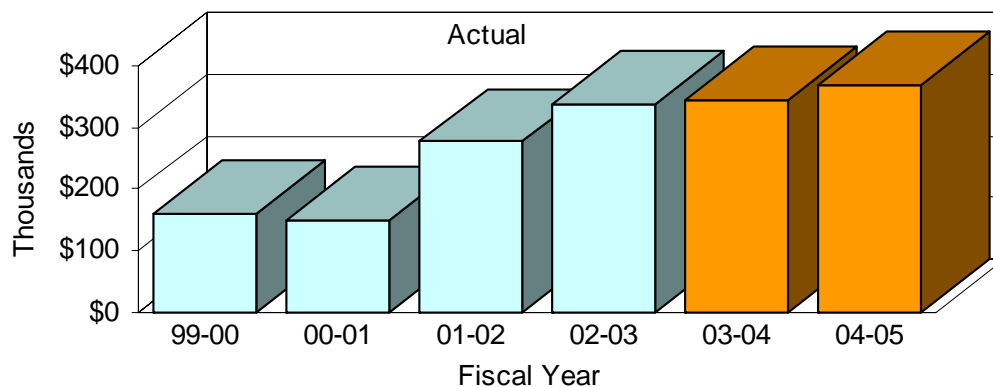
SOURCE: Airport Fuel Sales

Summary: City Council approved the additional municipal function of airport fuel sales in 1975. This revenue source has a direct relationship to the amount of fuel purchased for resale at the Chandler Municipal Airport. Not only is this a revenue source for the City, it is a convenient service provided to airport users. Fuel flowage fees are also collected from fixed base operators.

Analysis: Listed below is the past four years of actual revenue with the percent of change. The 1999-2000 decrease is due to reduced fuel sales as a result of fuel equipment failure. Intermittent fuel pump problems in the fall and winter also contributed to reduced fuel sales in 2000-01. The estimated large increase in 2001-02 reflects higher than normal sales due to the price charged at the pump well below most fuel rates in the Phoenix area. The 2002-03 increase is based on continued growth in fuel sales. The 2003-04 estimate is a nine-month actual and three-month projection.

Projection: Fuel sales are expected to increase in 2004-05 compared to the current year's sales, due to higher usage of Airport facilities.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	161,081	(26.5)
2000-01	149,160	(7.4)
2001-02	276,320	85.3
2002-03	338,188	22.4
2003-04 (Est.)	345,124	2.1
2004-05 (Est.)	368,550	6.8



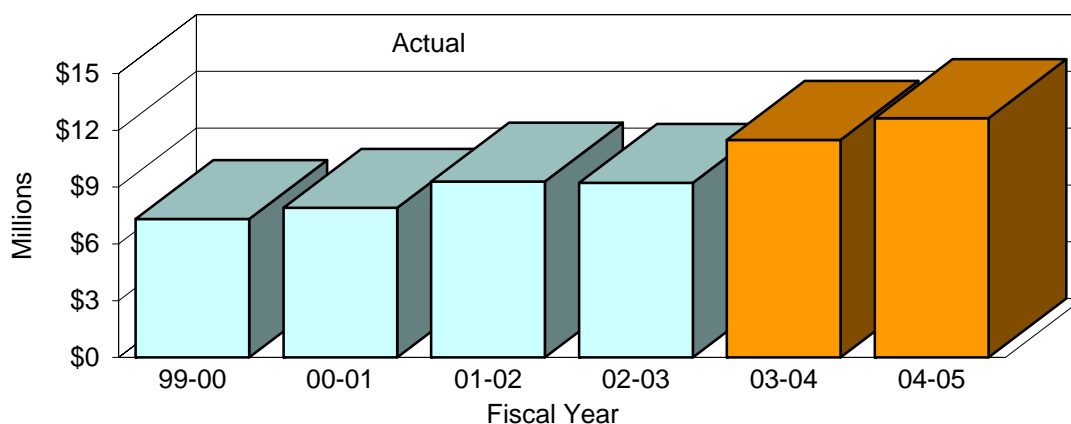
SOURCE: Water System Development Fees

Summary: Ordinance No. 908 was adopted on December 22, 1980, to establish fees with which to fund a Water Development Reserve Fund. These fees are reviewed and revised annually based on current and future water capital expenditures and population growth. Per unit fees are based on meter size. Fees for water distribution system connection are also included in the revenue. In January of 1997, the City Council updated the development impact fee rates for the water system, and a water resource fee was added.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. Since 1998-99 there have been modest increases each year due to increased development. The actual 1999-2000 reflects the 2% rate increase effective January 2000. In February 2001 there was a substantial increase in water resource fee rates and a modest rate increase for water system development fees. These rate changes, along with enhanced revenue from multifamily development in Southeast Chandler, contributed to the revenue increase for 2001-02. The decrease for 2002-03 reflects the reduced revenue from diminished development. The 2003-04 estimate is based on a nine-month actual, three-month projection; the estimate includes the substantial rate increases (6% to 56%) which became effective January 2004.

Projection: The estimated increase in 2004-05 reflects the full year of the fee increase and continued growth in the City.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	7,308,546	8.0
2000-01	7,902,158	8.1
2001-02	9,288,514	17.5
2002-03	9,224,251	(0.7)
2003-04 (Est.)	11,496,200	24.6
2004-05 (Est.)	12,645,800	10.0



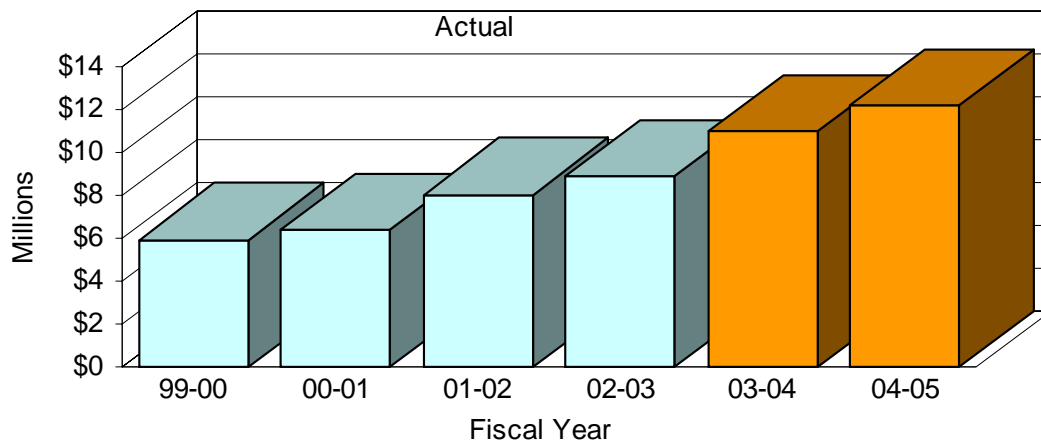
SOURCE: Wastewater System Development Fees

Summary: Ordinance No. 909 was adopted December 22, 1980, to establish fees with which to fund a Wastewater Development Reserve Fund. These fees are reviewed and revised annually based on current and future wastewater capital expenditures and population growth. Per unit fees are based on meter size. In January of 1997, a reclaimed water impact fee was imposed in addition to the wastewater system development fee.

Analysis: Listed below is the past four years of actual revenue with the percent of increase or decrease. The 1999-2000 increase reflects the 2% rate increase effective January 2000. In February 2001 there was a substantial increase in reclaimed water resource impact fee rates (350% to 389%) and a modest rate increase for wastewater system development fees. These rate changes, along with enhanced revenue from multifamily development in Southeast Chandler, contributed to the revenue increase for 2001-02. These large rate increases for reclaimed water fees have offset the reduced revenue from development slowdown, resulting in an increase of 10.3% for 2002-03. The 2003-04 estimate is based on a nine-month actual, three-month projection; the estimate includes the substantial rate increases (12% to 62%) which became effective January 2004.

Projection: The estimated increase in 2004-05 reflects the full year of the fee increase and continued growth in the City.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	5,959,216	9.5
2000-01	6,419,980	7.7
2001-02	8,067,389	25.7
2002-03	8,895,527	10.3
2003-04 (Est.)	11,008,687	23.8
2004-05 (Est.)	12,242,800	11.2



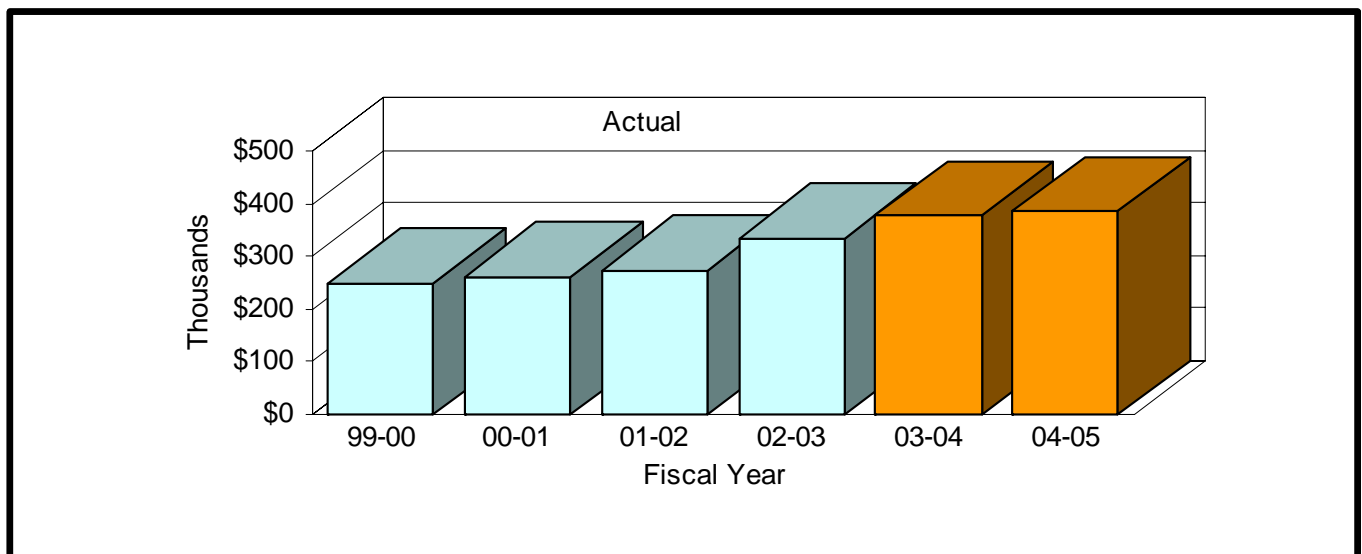
SOURCE: Solid Waste Container System Development Fees

Summary: Ordinance No. 857 was passed June 12, 1980, to establish a charge to offset the cost of expanding the solid waste collection system due to new construction. Developers are charged \$148 for every new home built. Sixty-nine percent (\$102) goes into this fund to pay for two new 90-gallon containers and one in-house recycling basket. The remainder (\$46) goes toward Solid Waste Management operations.

Analysis: Listed below is the past four years of actual revenue with the percentage of increase or decrease. The 1999-2000 decrease is a result of a larger portion of the fee distributed toward solid waste operations. The 2000-01 through 2002-03 reflect increased residential development resulting in higher fees collected. The 2003-04 increase is a nine-month actual, three-month projection; the estimate is based on the continuance of residential development in Southeast Chandler.

Projection: The 2004-05 estimate is based on the estimate construction of 3,800 single-family units at the current fee of \$102 per new home.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	249,254	(14.4)
2000-01	261,796	5.0
2001-02	274,176	4.7
2002-03	335,274	22.3
2003-04 (Est.)	378,420	12.9
2004-05 (Est.)	387,600	2.4



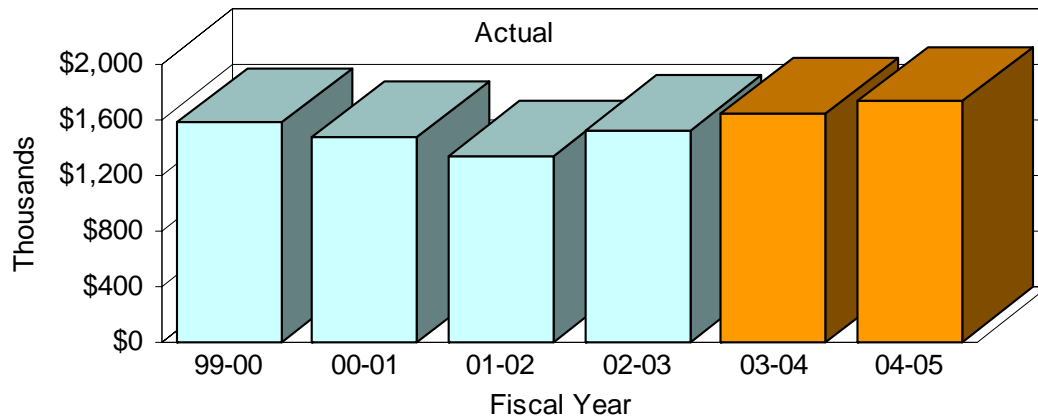
SOURCE: Parks and Recreation Residential Development Tax

Summary: Ordinance No. 907 was adopted December 22, 1980; to establish a Park Development Fund for the development of recreational facilities in newly developed residential areas. Revenue estimates are based upon the settlement agreement between the City of Chandler and the Homebuilders Association of Central Arizona, using a formula of current construction costs and land values.

Analysis: Listed below is the past four years of actual revenue with the percent of increase/decrease. The 1999-2000 increase is due to residential and multifamily development. A slowdown in construction activity is indicated by decreases in 2000-01 and 2001-02 compared to other years. The 2002-03 and 2003-04 estimate is based on residential development in Southeast Chandler. The 2003-04 increase is a nine-month actual, three-month projection.

Projection: The estimated increase in 2004-05 reflects growth and development in the City.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	1,579,018	13.2
2000-01	1,477,013	(6.5)
2001-02	1,340,958	(9.2)
2002-03	1,522,955	13.6
2003-04 (Est.)	1,646,000	8.1
2004-05 (Est.)	1,728,300	5.0



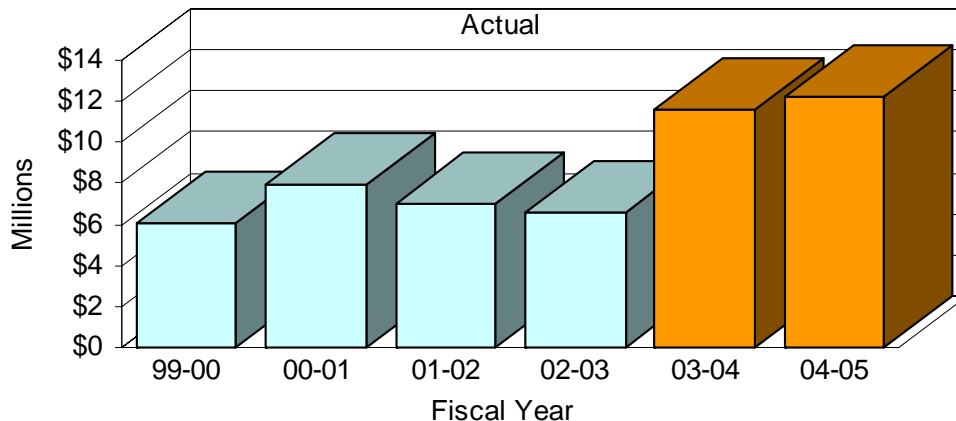
SOURCE: Public Buildings and Street Impact Fees

Summary: In January of 1997, the City of Chandler imposed various development impact fees to help offset the future capital costs that are related to new development. Specifically, the City imposed fees for library automation, community park development, fire and police facilities, general government facilities, and arterial street improvements. The arterial street fee will only be assessed for properties within the street fee service area, while all other fees are imposed City-wide. Developers can receive credits for street improvements or right-of-way dedication in the arterial street service area. The library and community park development fees are assessed on residential development only.

Analysis: Impact fee increases, ranging from 4% to 65%, effective January 2000 and retail development contributed to the 1999-2000 and 2000-01 revenue increases. The 2000-01 actual reflects over \$1-M of fees paid for Intel Fab 22. The decrease for 2001-02 is due to the reduced commercial and residential development compared to the previous year. The 2002-03 decrease includes higher developer credits which reduced the arterial street impact fee revenue total for that fiscal year. The 2003-04 estimate is based on a nine-month actual, three-month projection; the increase is due to impact fee increases (16% to 47%) which became effective January 2004.

Projection: The estimated increase in 2004-05 reflects the full year of the fee increase and continued growth in the City.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	6,020,214	40.5
2000-01	7,914,427	31.5
2001-02	6,979,754	(11.8)
2002-03	6,582,165	(5.7)
2003-04 (Est.)	11,578,500	75.9
2004-05 (Est.)	12,188,100	5.3



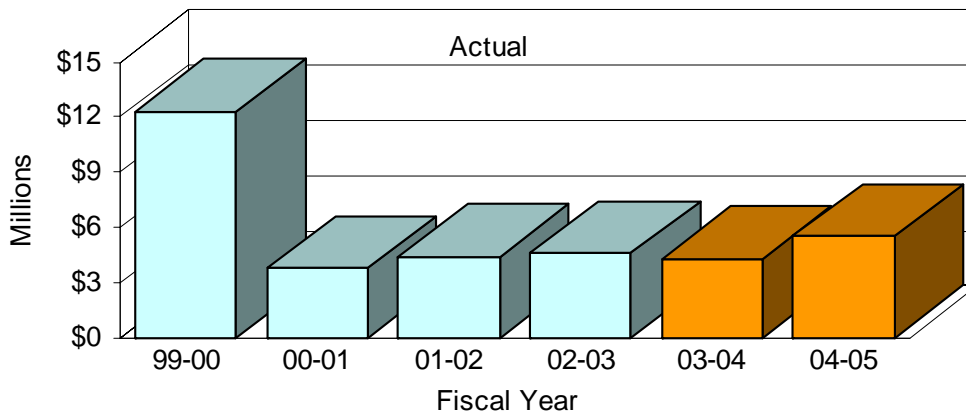
SOURCE: Interfund Charges

Summary: The Interfund Charges are payments from various funds and cost centers to a specific fund that incurs the cost. For example, capital equipment is purchased in the Capital Replacement Fund and annual payments are charged to the cost center that purchased the equipment. The payments are expenditures in each of the cost centers and recorded as revenue to the Capital Replacement Fund. Other interfund charges include payments to the dental insurance fund, in-house capital project charges, improvement district administrative costs and Municipal Arts Fund contributions.

Analysis: The 1999-2000 increase reflects added contributions to self-insurance fund and higher usage of the Capital Replacement Fund. Prior to 2000-01, indirect cost allocations and transfers for self-insurance were reported as revenue and expenses. In order to avoid duplicity and to comply with the Auditor General's format, we removed transfers in and out as part of the total budget beginning in 2000-01. The decrease of nearly 70% reflects this change. The majority of the 2001-02 and 2002-03 increases are the result of additional purchases in the Capital Replacement Fund by departments. The 2003-04 estimate is a nine-month actual, three-month projection and reflects fewer capital replacement purchases compared to the previous year.

Projection: The projected increase of 29.4% for 2004-05 reflects higher contributions from dental self-insurance premiums, capital purchases by departments, and in-house capital project charges.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	12,288,765	50.3
2000-01	3,795,036	(69.1)
2001-02	4,458,444	17.5
2002-03	4,593,361	3.0
2003-04 (Est.)	4,290,652	(6.6)
2004-05 (Est.)	5,550,776	29.4



SOURCE: Interfund Transfers

Summary: Interfund transfers consist of costs that are incurred in one fund that another fund should be reimbursed for. An example is the charges that are incurred in the General Fund for administrative support to the Enterprise Funds such as Water, Wastewater and Solid Waste. The amounts transferred from the Enterprise Funds to repay the costs are treated as an expense in the Enterprise Funds and revenues in the General Fund. Another example would be charges to each fund for payments to the computer replacement fund for leasing computers. There are also transfers made from one fund to another as a loan. For example, the water operating fund may loan the water system development fund dollars to complete projects until the impact fees are received, rather than selling bonds. However, if funds are not available to be transferred, bonds will be sold. Interfund transfers are not added to the overall budget because the original revenues are already budgeted within each of the funds. The interfund transfers listed below indicates the type of interfund transfers by fund that are estimated for 2004-05:

Water Fund Transfer to General Fund	\$ 3,702,287
Wastewater Fund Transfer to General Fund	2,373,292
Reverse Osmosis Fund Transfer to General Fund	249,182
Solid Waste Fund Transfer to General Fund	1,163,411
Community Park Impact Fee Fund Transfer to General Fund (loan payback)	1,000,000
General Fund Transfer to the Arterial Street Impact Fee Fund	3,400,000
Reclaimed Water Fund Transfer to Water Fund (loan payback)	650,000
Wastewater System Development Fee Transfer to Wastewater Fund (loan payback)	600,000
Housing Authority Low Rent Program Transfer to Proceeds Reinvestment Project	827,503
Capital Program Grant Transfer to Housing Authority Low Rent Program	30,000
Water Bond Fund to Water System Development Fee Fund	8,500,000
Water Operating Transfer to Water System Development Fee Fund	21,500,000
Wastewater Operating to Reclaimed Water System Development Fund	5,000,000
Effluent Bond Fund to Reclaimed Water System Development Fee Fund	400,000
Transfer from various funds to Computer Replacement Fund	2,017,004
Transfer from various funds to Fleet Replacement Fund	55,065
General and Water Operating Fund Transfer to Self Insurance Funds	<u>2,900,000</u>
Total Interfund Transfers	\$ 54,367,744

SOURCE: Property Tax

Summary: State law prescribes that Arizona municipalities may levy taxes for the following purposes with certain limitations and restrictions.

Primary Taxes are those used for general government operations. The total levy for primary taxes is restricted to a 2% annual increase, plus allowances for annexations, new construction, and population increases. The 2003-04 adopted primary property tax rate for Chandler was \$0.38 per \$100 of assessed valuation, estimated at \$1,526,068,883.

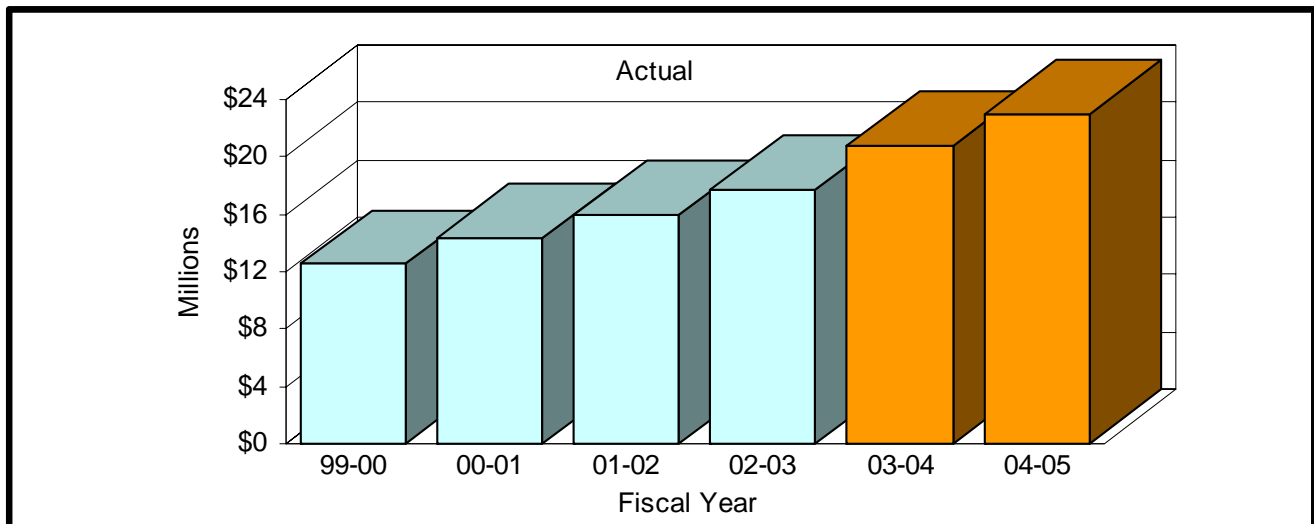
Secondary Taxes are restricted for general bonded debt obligations and for voter approved budget overrides. The 2003-04 adopted secondary property tax rate was \$0.90 per \$100 of assessed valuation, estimated at \$1,638,375,932.

A thirteen-year history of Chandler's tax rates and assessed valuation is shown on the next page.

Analysis: Listed below is the past four years of actual revenue, including prior year tax adjustments for both primary and secondary taxes, with the percent of increase. From 1999-2000 through 2003-04 tax revenue increased due to enhanced assessment valuation as well as residential and commercial growth. The 2003-04 estimate is based on the budgets for primary, secondary and prior year property tax collection adjustments. These are based on nine months actual and three month estimated.

Projection: As shown on the next page, the 2004-05 primary and secondary assessed valuations from the County Assessor's Office reflect significant increases due to residential and commercial growth. The projected tax for 2004-05 is based on the same primary property tax rate as last year at \$0.38 per \$100 assessment and the same secondary tax rate of \$0.90 per \$100 of assessed valuation. The projection also includes prior year adjustments for both primary and secondary tax collections.

Fiscal Year	Amount	% Inc/(Dec)
1999-2000	12,506,959	12.5
2000-01	14,323,635	14.5
2001-02	15,922,881	11.2
2002-03	17,704,092	11.2
2003-04 (Est.)	20,760,500	17.3
2004-05 (Est.)	23,016,402	10.9



SOURCE: Property Tax (continued)

The overall tax rate during the past thirteen years and the City of Chandler assessed valuation and rates are as follows:

<u>Year</u>		<u>City Valuation</u>	<u>Overall Rate Including City (Chandler School District)</u>	<u>Rate</u>	<u>Percent of Total Rate</u>
1991	P	472,050,318	8.50	.31	3.6
	S	487,643,062	5.60	.93	17.0
1992	P	470,753,602	8.38	.32	3.8
	S	478,931,308	5.37	.98	18.3
1993	P	489,735,425	8.60	.34	4.2
	S	498,976,395	5.24	.96	18.5
1994	P	503,656,840	8.74	.36	4.1
	S	512,807,949	5.41	.99	18.3
1995	P	552,913,468	8.75	.36	4.1
	S	580,663,464	4.87	.97	19.9
1996	P	615,726,285	8.22	.36	4.1
	S	631,613,770	5.21	.97	18.7
1997	P	694,310,866	8.10	.35	4.4
	S	725,852,181	5.14	.97	19.3
1998	P	787,754,539	8.38	.3466	4.1
	S	816,243,568	5.61	.97	17.3
1999	P	878,229,873	8.12	.38	4.7
	S	923,438,771	5.24	.93	17.7
2000	P	1,037,292,379	7.76	.38	4.9
	S	1,099,452,357	4.96	.92	18.5
2001	P	1,183,122,018	8.06	.38	4.7
	S	1,243,900,020	4.49	.91	20.3
2002	P	1,261,475,592	8.18	.38	4.7
	S	1,333,266,930	4.29	.90	21.0
2003	P	1,526,068,883	7.69	.38	4.9
	S	1,638,375,932	3.95	.90	22.8

Estimates for primary and secondary assessed value for 2004-05 are as follows:

	<u>2003-04 Estimate Assessed Value</u>	<u>2004-05 Estimate Assessed Value</u>	<u>% Increase</u>	<u>2004-05 Adopted Rates</u>
Primary	\$ 1,526,068,883	\$ 1,709,977,241	12.1%	\$0.38
Secondary	\$ 1,638,375,932	\$ 1,805,748,802	10.2%	<u>0.90</u>
				\$1.28